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# ***JPRS Report***

## **Central Eurasia**

### ***Military Affairs***

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# Central Eurasia

## Military Affairs

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14 September 1994

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## ARMED FORCES

### Final Parade for GSFG

94UM0580B Moscow KRASNAYA ZVEZDA  
in Russian 27 Aug 94 p 1

[Article by Feliks Semyanovskiy: "March Along Tver Street: Moscow Preparing Fitting Welcome for Last Russian Troops Arriving From Germany"]

[Text] Ceremonies marking the conclusion of the withdrawal of the Western Group of Forces to Russian territory will be held in Moscow on September 1-3. They will begin on September 1 at 12:00 at Chkalovskiy Airfield outside Moscow, where planes bringing the officers and generals of the Western Group of Forces command, led by Commander-in-Chief Colonel-General Matvey Burlakov (who has now been appointed Deputy Defense Minister), will land.

On September 2 Russian Defense Minister General of the Army Pavel Grachev and Colonel-General Matvey Burlakov are scheduled to deliver a report to Russian President Boris Yeltsin and Russian Government Chairman Viktor Chernomyrdin on the completion of the withdrawal of Russian forces from Germany.

Colonel-General Burlakov will meet with veterans of the Western Group of Forces and the Group of Soviet Forces in Germany in the Central Russian Army House. In the evening the generals, officers, soldiers, and veterans will be guests of the Bolshoy Theater.

On September 3 welcoming ceremonies will get under way at the Belorussian Train Station for the last troop train from the Western Group of Forces. Servicemen of the Moscow garrison will be there, as will veterans, members of the public, and performing groups. An extensive concert program will be given outside the station for the newly arriving servicemen, followed by a rally. The personnel of the arriving troop train will carry out a ceremonial march along Tver Street to the Aleksandrovskiy Garden, where they will lay wreaths at the Grave of the Unknown Soldier at the Kremlin wall.

The day will end with an evening ceremony at the Russia Army Central Academic Theater. The Russian Federation and Moscow governments will hold a reception in Red Banner Hall at the Central Russian Army House.

### Burlakov Appointed Deputy Minister of Defense

94UM0580A Moscow KRASNAYA ZVEZDA in Russian  
27 Aug 94 p 1

[Unattributed article: "Appointments: Colonel-General Matvey Prokopyevich Burlakov Appointed Russian Federation Deputy Minister of Defense by Russian Federation Presidential Decree of August 23, 1994"]

[Text] Matvey Prokopyevich Burlakov was born on August 19, 1935, in Ulan-Ude. He graduated from the M.V. Frunze Military School in Omsk in 1957.

He began serving in the forces as the commanding officer of a rifle platoon and then as a commanding officer of a company. In 1968, after graduating from the M.V. Frunze Military Academy, he was appointed deputy commander of a regiment. In 1969 he was appointed commander of a regiment, and in 1973 he was named commander of a division. In 1977, after graduating from the USSR Armed Forces General Staff Military Academy, he was appointed commander of an army corps. He became commander of an army in 1979, and in 1983 he was appointed chief of staff and first deputy troop commander of the Transbaykal Military District. In 1988 he became commander of the Southern Group of Forces, and in December 1990 he became commander-in-chief of the Western Group of Forces.

## POLICY

### Lebed, Defense Minister Grachev Discuss Army Reforms

94UM0576A Moscow KOMMERSANT-DAILY  
in Russian 27 Aug 94 p 3

[Mikhail Lukin report: "The Generals Stay Employed"]

[Text] There was a meeting yesterday in Moscow between Defense Minister Pavel Grachev and Aleksandr Lebed, commander of the 14th Army. It was decided as a result of the discussion to keep Aleksandr Lebed in Tiraspol and to revise the Ministry of Defense directive, which had caused quite a stir, on a reorganization of the machinery of command and control of the Army.

As Aleksandr Lebed declared following the discussion with the minister, the meeting was "constructive and fruitful." As a result the minister adopted the decision to revise the directive on the reform of the command and control of the 14th Army—it will be cut back "to reasonable limits." Following the meeting, Pavel Grachev flew to Germany, and Lebed, having announced to journalists that he would, as before, be commanding the Army, stayed in Moscow to participate in the adjustment of the much-talked-of directive.

Thus Lebed emerged from the conflict with the Ministry of Defense the winner, which will undoubtedly give him added clout not only in the Dniester region but in army circles in general. But it would seem that Pavel Grachev remains a winner also. On his arrival in Germany he notified Colonel General Matvey Burlakov, commander of the Western Group of Forces, that the latter would be returning to Russia as deputy defense minister. Yet even recently the Council for Personnel Policy under the president had recommended against Boris Yeltsin appointing Burlakov, as Grachev had wanted, first deputy defense minister. It seemed to the council members wrong to be creating a special position

for the 59-year-old general. The rumors concerning corruption in the Western Group of Forces had played their part also, obviously.

Nonetheless, Boris Yeltsin, vacationing in Sochi, where Pavel Grachev spent his leave also, disregarded the council's opinion. Boris Yeltsin agreed to the appointment of Burlakov as deputy minister, and Grachev, obviously, heeded the reasons of the president, who put a high value on Lebed's peacemaking activity in the Dniester region.

As KOMMERSANT ascertained, the position of deputy defense minister is being created "for Burlakov," evidently. None of the present deputy ministers has been removed, in any event. Matvey Burlakov's range of duties has yet to be determined. The official information that Lebed would be staying in Tiraspol had not yet reached the headquarters of the 14th Army by the evening of 26 August. They learned this from our KOMMERSANT correspondent and began to congratulate one another: "Our commander is staying with the army!"

## GROUND TROOPS

### Grachev Order for Tank Troops Day Published

*MM1209150994 Moscow KRASNAYA ZVEZDA  
in Russian 10 Sep 94 p 1*

[Russian Federation Defense Minister's Order of the Day No. 293]

[Text] Comrade soldiers and sailors, sergeants and petty officers, warrant officers and ensigns!

Comrade workers, technicians, engineers, and designers in the defense industry!

Comrade veterans of the tank troops!

Our country and its Armed Forces are celebrating Tank Troops Day 11 September 1994.

The idea of developing all-terrain fighting vehicles and elaborating the first plans and experimental models of tanks belongs to Russia.

This history of tank troops in Russia is an inspiring picture of outstanding labor achievements by scientists, engineers, and workers, and of courage and valor by the tank troops.

In the tough years of the Great Patriotic War the tank troops showed their combat might most fully in the Battles of Stalingrad and Kursk, and in the Belorussia, Visla-Oder, Berlin, and other major operations. Hundreds of thousands of tank troops were decorated with high awards from the motherland.

The tank troops underwent substantial changes during the postwar years. Such tank combat indicators as fire-power, protection, and mobility reached qualitatively new standards. Tank servicemen together with Russian

Federation Armed Forces personnel are currently worthily doing their military duty and steadily resolving the tasks of improving their combat readiness, mastering modern weapons and military hardware, and strengthening their military discipline and organization.

I greet and congratulate you on the holiday—Tank Troops Day!

I wish the tank troops new successes in enhancing their combat skills. I express confidence that through their selfless military labor they will continue to reliably safeguard Russia's security, following in sacred fashion their glorious combat traditions, and worthily marking the 50th anniversary of victory in the Great Patriotic War.

I wish defense industry workers successes in their work, in enhancing the quality of armaments and military hardware, and in improving their production and economic indicators for the sake of strengthening Russia's defense capability.

I wish the veterans of the tank troops good health, success in educating the young in a spirit of loyalty to their military and civilian duty and to their people and the fatherland.

### To mark Tank Troops Day I ORDER:

That festive firework displays be held 11 September 1994 at 2200 local time in the hero-city of Moscow, capital of our motherland, and in the hero-cities of St. Petersburg, Volgograd, Novorossiysk, Kerch, Tula, Smolensk, and Murmansk.

[Signed] Army General P. Grachev, Russian Federation defense minister

[Dated] Moscow, 9 September 1994

No. 293

### Kolesnikov Heads VIP Lineup at Tank Troops Day Celebration

*MM1209134194 Moscow KRASNAYA ZVEZDA  
in Russian 10 Sep 94 p 1*

[Report by Sergey Prokopenko: "In Honor of the Holiday"]

[Text] A ceremonial meeting devoted to Tank Troops Day was held at the Marshal of the Soviet Union R.Ya. Malinovskiy Military Academy of Armored Troops 9 September.

Colonel-General Mikhail Kolesnikov, chief of the Armed Forces General Staff and Russian Federation First Deputy Defense Minister; Colonel-General Vladimir Semenov, Commander-in-Chief of the Ground Troops; Colonel-General Aleksandr Galkin, chief of the Russian Federation Defense Ministry Main Armor Directorate; and war and labor veterans, workers from the defense sectors of industry, and servicemen from the Moscow Garrison took part in the meeting.

## AIR, AIR DEFENSE FORCES

### Moscow Air Defense District Commander on Reductions

LD0909140094

[Editorial Report] Moscow Radio Moscow in Russian to Tajikistan at 1600 GMT on 8 September broadcasts an 11-minute program, the first issue of a feature, on the problems of the Air Defense Troops and Strategic Missile Troops, presented by correspondent Ivan Rodich. Rodich states that the main task of reforming the forces is to considerably cut the strength of forces, while maintaining the necessary level of combat readiness and preserving the necessary moral and psychological state of personnel.

He interviews Colonel-General Anatoliy Konyukov, the commander of the Moscow Air Defense District, who favors the reform. Konyukov stresses that "there should be a minimum level below which troops should not be cut, for it would mean a reduction in the number of combat units and in the strength of personnel, and the elimination of a commanding body; all these would unavoidably lead to the grouping becoming weaker and smaller."

Konyukov speaks about the air defense and missile system around Moscow. He warns against destroying the integrity of the system, as only a small group of individual divisions and regiments would be left, nothing else, and says that the system's capabilities would fall sharply. He stresses: "Now we have approached the limit beyond which follows a sharp fall in the level of security of the air borders." He regrets that his district's ideas and findings on the matter have been completely ignored, and complains that the implementation of the guidelines from the main headquarters will lead to the forces' effectiveness being halved and a failure to observe the conditions for keeping the equipment to be mothballed, which are outlined by the design bureau. He wished that an optimum solution will be found, but does not want to speculate on a possible decision by the general staff regarding cuts.

Describing the state of affairs in the district, he says: "This year we have completed the rearming of the so-called internal circle of Moscow's defense with the extremely up-to-date S-300 system. Over the past two years we have rearmed three fighter aviation regiments, and at the moment the regiment deployed in Tver oblast is being rearmed with MiG-31 aircraft. We are receiving SU-27 and MiG-31 aircraft. We are obtaining radar stations of the fourth generation with difficulty, which, on completing our rearment, will create a missile attack warning system encircling Moscow—an automated missile attack warning belt. This is a very comprehensive system which enables targets flying at 50-60 meters to be detected at a sufficient distance."

Konyukov complains about obsolete means of communications. The Colonel-General is looking forward to

receiving a new system to replace the S-300 system [as heard], the former is now undergoing trials.

Commenting on the plan drawn up by the Staff of the Moscow Air Defense District for reforming the District, Konyukov says that the plan avoids any slippage in the effectiveness of the air defenses, preserves the pool of equipment, and almost completely removes the problem of the upkeep of cantonments and of reducing social tension. He says that, according to preliminary calculations, the plan would save 60-70 billion rubles for Moscow oblast alone.

### 4th Air Army Commander Views Redeployment Problems

MM0809143794 Moscow KRASNAYA ZVEZDA  
in Russian 8 Sep 94 p 2

[Interview with Lieutenant General of Aviation Vladimir Mikhaylov, commander of the 4th Air Army, by Nikolay Astashkin under the "Topical Subject" rubric; date, place not given: "Lieutenant General of Aviation Vladimir Mikhaylov: 4th Air Army Becomes Frontline Army"]

[Excerpt] [Passage omitted] [Astashkin] Vladimir Sergeyevich, you command an illustrious air army. Could you tell us please about its history and life today.

[Mikhaylov] The 4th Air Army was born in the lands of the Don and the Kuban during the Great Patriotic War. During the postwar years the formation was based on Polish territory. Celebrating its jubilee, veterans asked the defense minister and commander in chief of the Air Force to redeploy the army from the Northern Group of Forces to the lands where it was born. So here we are. It is undoubtedly hard to deploy an army at these training airfields with a minimal amount of barracks and administrative premises and of course with a lack of apartments. However, it is essential. The army was, incidentally, only formed as a combat unit toward the end of last year when divisions appeared within it. Since then command and control processes have gotten under way and training and combat work has become more systematic and high-quality.

[Astashkin] The army comprises aviation units withdrawn from the Transcaucasus, the Baltic region, and East Europe. Is it not complex for pilots to become familiar with a new region?

[Mikhaylov] In planning combat work we pay a great deal of attention to providing flight personnel with sea and mountain operations training. The army's units and combined units mainly comprised trained pilots, who had admittedly had breaks in their flight service. We have eliminated the deficiency and we now have a trained crew for every combat aircraft. In a word, the 4th Army is a front-line air army that is capable of reliably protecting Russia's air borders from the southwest and east.

[Astashkin] Not so long ago the North Caucasus Military District was visited by the Russian Federation defense minister, who specifically confirmed that mobile forces have largely been formed in southern Russia. What role is assigned to your formation here?

[Mikhaylov] Some of the army's units and combined units are part of the mobile forces. The special feature of these troop formations is that they are the most prepared. We try to provide them with better material supplies in order to ensure their readiness for immediate redeployment.

[Astashkin] Many aviation units and subunits withdrawn from the near and far abroad have landed in an open field so to speak. How is the question of providing them with amenities and the housing problem being tackled?

[Mikhaylov] By and large the situation is reassuring. Foreign firms are building housing in Millerovo, Morozovsk, Marinovka, and many other population centers. And there are only three difficult garrisons where we will escape from the prevailing situation ourselves. Things are regrettably not as good as far as the development of barracks and administrative premises is concerned. But here too we are seeking out internal reserves and trying to convert auxiliary premises for classes and build barracks by the own-resources method.

[Astashkin] Vladimir Sergeyevich, reports have appeared in some mass media that you and several of your subordinates have built cottages with an area in excess of the prescribed norms for yourselves at Russian Defense Ministry expense. What comment could you make on this report?

[Mikhaylov] Around 100 cottages are being built for our army's servicemen in the cities of Krasnodar, Rostov-na-Donu, Bataysk, and the village of Kushchevskaya. Before construction work began I authorized my subordinates to build individual homes that are somewhat larger in area than the prescribed norms but with every owner paying a supplement. Most of them took a bank loan. In 10 years we will repay it, as laid down by our laws. I think that a decent home for a pilot is of some importance.

#### Interview With KA-50 Test Pilot

94UM0584A Moscow KRASNAYA ZVEZDA in Russian  
27 Aug 94 p 5

[Article by Sergey Prokopenko: "After State Tests: The 'Black Shark'—A Sensational Helicopter"]

[Text] I don't believe our readers need any introduction to the Ka-50 helicopter. The furor over the aircraft, which was developed by the N.I. Kamov All-Union Scientific Technical Combine, at international air shows speaks for itself. State tests of the helicopter were recently concluded successfully. A direct participant in

the state tests, Russian Federation Honored Military Pilot Colonel Aleksey Novikov, tells about the new attack helicopter's virtues.

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In evaluating the piloting features of the new Ka-50 attack helicopter, I would single out above all its unique capabilities to operate at low speeds, especially when hovering or almost hovering. The ease and simplicity of piloting the aircraft are striking. When maneuvering a single-rotor helicopter at low speeds and hovering, there are a great many limitations on the rate and magnitude of pedal deviations that affect flight safety. But after sitting behind the controls of the Ka-50, the pilot senses the significant piloting difference on the very first flights: Free of the limitations that used to constrain him, he quickly gets a feel for the special characteristics of low-speed maneuvering.

In addition, the Ka-50 has a reliable automatic mode for stable hovering that almost completely relieves the pilot of piloting and allows him to choose any "ambush" in complex relief folds and to feel confident in close maneuver combat. When operating from "ambushes," in my opinion, this helicopter has no equal.

I have to mention the new aircraft's armament. In contrast to the Mi-24 and other combat helicopters, the formidable armament installed on the Ka-50 enables the pilot, in the specific conditions of a single flight, to successfully use it against various ground and airborne targets. During flight, the onboard weapons control system does not overburden even a pilot with little experience flying this type of helicopter. Working with the cockpit equipment, he can easily monitor the air and ground situation.

The Ka-50's Vikhr antitank missiles and their automatic laser guidance system can strike targets at a distance of 10 kilometers.

Among the virtues of the helicopter's armament I would also mention the powerful 30-mm mobile infantry gun with an aimed fire range of up to 2.5 kilometers. The rather large reserve of rounds (500), high initial speed (960 meters per second), and relatively heavy shells (up to 400 grams) make the gun very effective. It can operate in three modes. All who have tested the weapon in action unanimously speak of its singular effectiveness and accuracy.

In addition, 80-mm unguided missiles can be mounted on the helicopter, as well as standardized gun containers, aerial bombs, and other types of munitions.

The helicopter's high combat survivability has a favorable effect on the pilot's psychological state. The Ka-50's designers saw to it that the pilot and the helicopter's major vital systems are securely protected. The total

mass of the Ka-50's protective combat-survivability features significantly exceeds that of other combat helicopters.

A very important feature of the helicopter consists in that even with significant damage to the tail unit, it can continue to fly safely. The armored glass and side armor can withstand a hit from shells with a caliber up to 20 mm. The blade of the lifting rotor doesn't lose its qualities even when pierced by a shell. The Ka-50 also has other features designed to ensure combat survivability.

For the first time in world helicopter construction, the helicopter uses the K-37 ejection system, which allows the pilot in an emergency situation to safely "evacuate" at virtually any altitude and speed, including in hover modes and from the ground.

As is known, the new attack helicopter was conceived as a one-seat aircraft from the outset. There has been much controversy over this: Can the pilot successfully accomplish his combat mission when he has a large workload during flight, having to simultaneously pilot, keep his bearings in the aerial situation, search for targets, operate the cockpit controls, and execute strikes? These doubts are fully legitimate. But when you test the aircraft in flight, you realize that there are no objective grounds for them.

The Ka-50 has an external target designation system that enables the pilot to receive target information from another helicopter or from a ground station to which he is linked. The information is relayed aboard via a radio link that uses a scrambled telecoded channel. The pilot receives information about a target on optical and television displays in the form of symbols. Moreover, with the capability of automatic flight along a route programmed on the ground or in flight, the pilot is completely relieved of piloting up to the point of taking a decision to use the onboard weapons.

An optic-television system installed in the helicopter as part of the computerized aiming equipment enables the pilot to search for and detect targets. An image of the target and its surrounding area is relayed to a television screen on the control panel. Graphic electronic data is superimposed on that image, ensuring the required aiming display and helicopter piloting. In flight, after receiving target indication in the form of a symbol on the optical or television display, the pilot very quickly superimposes the sighting frame onto the target and activates the automatic mode. After that the target is tracked automatically even while the helicopter maneuvers. During this time the pilot can turn his complete attention to piloting the aircraft and monitoring the battlefield.

The cockpit equipment and the helicopter's armament have been successfully optimized to accommodate the one-man crew. The pilot does not feel overloaded while

flying and does so with tremendous desire and satisfaction. I became convinced of this through my own experience.

The Ka-50 is undoubtedly a great success for the N.I. Kamov All-Union Scientific Technical Combine. The aircraft will make it possible to qualitatively upgrade our country's fleet of attack helicopters.

#### **Tu-95MS Test Launches of ALCM's Rated 'Excellent'**

*MM1208090594 Moscow KRASNAYA ZVEZDA  
in Russian 10 Sep 94 p 1*

[Report by Major Sergey Babichev of the Air Force Press Center: "Long-Range Men' Develop New Test Range"]

[Text] Air-to-surface cruise missiles were recently launched at a northern test range and rated "excellent," within the framework of the plan for Air Force combat training. The launches were carried out by the crews of long-range Tu-95MS bombers under the commander of Majors O. Orlov and O. Logunov.

The launches were carried out at a test range that was new to these pilots and to Long-Range Aviation in general.

## **NAVAL FORCES**

#### **NATO Concern Over Russian Submarine Patrolling Noted**

*94UM0577A Moscow KOMMERSANT-DAILY  
in Russian 27 Aug 94 p 4*

[International Life Department report: "Moscow Is Not Allowing Its Submarines To Rust"]

[Text] NATO yesterday unofficially expressed concern in accordance with the resumption of the patrolling of the North Atlantic by Russian submarines.

In the cold war era, the USSR and the United States reciprocally patrolled each other's shores. The main strike force of the USSR was deployed off the east coast of the United States. America and also Great Britain, Norway, and Iceland exerted considerable effort to create a most powerful submarine-detection system, including a space-based tracking system, and also a secret sonar underwater cable. Following the disintegration of the USSR, submarines ceased to ply the northern seas and the Atlantic. The NATO military was greatly astonished, therefore, when, following a two-year break, Russian submarines were located once again—this time west of Murmansk, in international waters between Iceland and Great Britain. According to officials of Iceland, the submarines are part of the Northern Fleet of the former USSR, and the boats were not performing any military exercises. This was confirmed by Moscow also. One NATO expert declared that the Russians' purpose is "to maintain the fleet in a state of readiness" since the boats could rust up in port. That is, the patrolling of the Atlantic is a purely anticorrosion measure.

**BPK Kiev Withdrawn From Fleet**

94UM0582A Moscow KRASNAYA ZVEZDA in Russian  
27 Aug 94 p 1

[Article by Dmitriy Litovkin: "Red Banner Kiev Retiring From Fleet"]

[Text] Severomorsk—A ceremonial lowering of the Andreievskiy flag aboard the antisubmarine cruiser Kiev will be held on August 28 in the presence of all members of the ship's command and its former sailors.

The ship always ranked first not only in its class, but also in many endeavors and undertakings of the Navy as a whole. The Kiev completed 10 long-distance cruises. On May 4, 1985, the cruiser was the first surface ship to be awarded a combat order in the postwar period. But now the last review has come for the legendary ship.

**Almaz Designed Missile Boats**

94UM0582B Moscow KRASNAYA ZVEZDA  
in Russian 27 Aug 94 p 5

[Article by Vasiliy Fatigarov: "Arsenal: Three Boats in One"]

[Text] The Vypel Shipbuilding Joint-Stock Company in the city of Rybinsk has been producing missile boats for our fleet and for export for several decades. There is no question that the boats have significantly improved of late. A number of new modifications have been developed. But they are all based on the same hull, which was designed by the Almaz Central Naval Design Bureau in St. Petersburg.

The first in the family of missile boats that we would like to tell about is the 1241RE project. This boat is designed to destroy surface ships, transports, and landing craft. The boat can be used in areas with moderate and tropical climates. The main material used in the hull is steel and an aluminum-magnesium alloy. The boat has a two-shaft gas-turbine engine. The stations and service and living quarters are equipped with an air conditioning system to provide comfortable working and rest conditions for the crew. The size of the provision storage areas, refrigeration chambers, and freshwater tanks and the existence of a water-purifying unit make it possible to operate the boat for 10 days without replenishing its stores. The boat also uses equipment that prevents environmental pollution.

The 1241RE project boat is armed with modern artillery guns and missiles: the AK-176 76-mm artillery gun, two AK-630 30-mm artillery guns, and two P20M missile systems, each equipped with two missiles whose accuracy is ensured by the Garpun search and target designation radar. Such boats have been part of the Russian Navy for several decades. It is quite natural that they have evoked considerable interest abroad as well. More than 10 boats have now been supplied to Germany, Poland, Romania, India, and Vietnam.

The Almaz Central Design Bureau's next boat was the 12421 project, which is similar to the 1241RE project but has Moskit missile systems, each of which carries two missiles, and a much-improved Garpun system. Two hulls for the 12421 project are currently in the shipyard at Rybinsk. If the orders are placed, there will be no problem with expanding production of the boats. In addition, Russia can offer to train crews for the boats at a Russian base and to service the equipment supplied.

The Almaz Central Design Bureau is currently completing a third modification of the time-tested boat—the project 12418 missile boat. It has 16 new-generation antiship missiles that are also guided by an improved Garpun system. The missiles can provide effective fire not only against coastal targets and large ships, but also massed area fire. The boat is equipped with effective electronic countermeasures and close-range jamming unit.

**REAR SERVICES, SUPPORT ISSUES****Yeltsin Decree Backs ROSTO as Legal Successor to DOSAAF**

LD1209154194 Moscow Mayak Radio Network  
in Russian 1100 GMT 12 Sep 94

[Text] Boris Yeltsin issued an edict supporting an initiative of the Russian defense, sport, and technical organization, ROSTO [Rossiyskaya oboronnno-sportivnaya tekhnicheskaya organizatsiya], which acts as the legal successor to what used to be DOSAAF [All-Union Voluntary Society for Assistance to the Army, Air Force, and Navy of the USSR]. The decree assigns to ROSTO the part of state property transferred to DOSAAF: ROSTO now comprises 39,000 primary organizations, 317 sporting and technical schools, dozens of sporting organizations, children's and young people's schools, technical clubs, and young people's clubs and groups. Every year ROSTO trains up to half a million specialists for the Russian economy and up to 130,000 for the Defense Ministry.

**Food Supply Sufficiency, Availability Assessed**

94UM0561A Moscow KRASNAYA ZVEZDA in Russian  
19 Aug 94 p 1

[Article by Petr Altunin: "Potatoes Are Called the Second Grain. Will There Be Enough for the Soldier's Table?"]

[Text] Potatoes were always valued in Rus. The worth of cabbage, onions, cucumbers, and other vegetables was also known. When all this was put into storage, salted, or pickled, people were content: They would survive through the winter.

The same thing was true in the army: In the middle of summer, harvest would be under way—procuring potatoes and vegetables. Not so long ago, the commanders and field workers regarded this business as troublesome and important, but something that absolutely had to be done: The Gosplan [State Planning Committee] and Gossnab [State Committee for Material and Technical Supply] had determined ahead of time where and how much of these products were to be procured, and in the local areas all they had to do was follow orders. Army and navy storehouses were always filled to the norm.

Things are different now. Although there is a defense order determined by the president's edict, according to which food suppliers are earmarked, the market powerfully dictates its own laws. Whether you like it or not you have to cope with them.

The whole thing is that the suppliers demand payment, and most frequently—in advance. And when they do not have it, they either refuse to fulfill their obligations or do so only on paper. As a result, there is an undersupply of products in the necessary assortment, and frequently they are of poor quality. That is what happened last year in the Moscow, Siberian, and Leningrad military districts when the procurement of poor-quality vegetables, above all onions, cost the state R76.6 million.

The army clients themselves are largely to blame here, of course; they must not be simpletons; on the contrary, they must show not only energy and initiative, but also competence. And, of course, they must place strict requirements on the quality of the potatoes and vegetables that are delivered and determine the actual dates for their storage locally.

There is every possibility of doing this. Food service specialists and veterinary workers are capable of overseeing things locally, and, before the beginning of mass procurements, so are the special laboratories; there are plenty of them in the districts. The contracts must reflect the rights and interests of the clients and specify both guarantees for the suppliers and requirements placed on them, right down to the application of fines.

All this is discussed in a recent order from the Russian Federation deputy defense minister Col. Gen. Vladimir Toporov, No. 214. Leaders of branches of the Armed Forces, commanders of military districts and fleets, and chiefs of main and central administrations have been assigned a plan for procurement of potatoes and vegetables in the Armed Forces. Taking the aforementioned presidential edict into account, regions were named where they intend to conduct procurements (and this is already under way!). They are as close as possible to where the troops are stationed. For the Leningrad military district, it is Novgorod, Pskov, and Bryansk Oblasts and the Republic of Karelia; for the Volga area—Mordovia, Tatarstan, and Ulyanovsk Oblast, and for the Far Eastern—Amur, Irkutsk, and Kemerovo Oblasts, for the Baltic Fleet—Kaliningrad Oblast, etc.

The military sovkhozes are making their contribution as well. Incidentally, the Far Eastern farms have already delivered 804 tonnes of potatoes to the military units. Early potatoes and vegetables are being sold for a planned amount by the Prokhladnoye and Batayskiy sovkhozes in the North Caucasus district. Vegetables have begun to be delivered to the Northern Fleet from the eight Volgograd sovkhozes it has recently acquired.

Today, everybody participating in this important work knows what must be done today and tomorrow: Put the material and technical base for storage of agricultural products into the proper condition; complete repair of vegetable storage facilities and pickling points with equipment for mandatory ventilation and proper heating; prepare packaging; use progressive storage methods: potatoes—in containers, carrots—in sand hills. Folk methods have not been forgotten either—using snow, etc. Good experience has been accumulated in the Ural and Siberian military districts—more than 70 percent of the overall volume of pickled items are in glass containers, which improves the quality and prolongs the "life" of the products contained in them.

Special attention is being devoted to the Far North. Here, as they say, delay is like death: The routes are just about to be closed off, navigation will come to an end, and entire garrisons will be cut off from a food supply. Taking this into account, the Central Food Administration has given the green light to deliveries to these addresses. As of 5 August, northern military men had received more than 2,500 tonnes of cabbage, 700 tonnes of tomatoes, and from the military sovkhozes—2,000 tonnes of early potatoes.

Many districts and fleets are receiving regular deliveries over a trail that was already blazed last year—by ground transportation, aircraft, and barges—from Astrakhan Oblast and above all from the Kamyzyanskiy Agro-Industrial Complex (chairman—Viktor Mikhaylov).

In general, the importance of the task of procuring potatoes and vegetables is clear to everyone, and they are carrying it out as best they can. But, how is it possible to carry it out 100 percent when a major issue torments them each day—money. The armed forces have failed to receive several tens of trillions of rubles that they need—the military-industrial complex is shutting down. Is that bad? And how...but even the 50 trillion that has been approved is not being received on time. Including the money for buying food. Cereals and canned goods are usually taken out of reserves, which is inadmissible, and the reserves of perishables will not last for more than 10 months. Now it will take more than R200 billion to pay for them. The food service does not have them. And, even without this, it is indebted to suppliers for more than 100 billion.

What is the solution? The army needs 300 billion immediately; it cannot wait any longer. In spite of the numerous interruptions in payments, the army continues to believe that the debt to it will be paid. But there

is no doubt that a life of loans will soon become impossible. And, even without that, certain suppliers, empowered by the state order, have already begun to establish 10-15 percent additional charges for some kind of "mediation."

Because of the absolutely unfavorable situation with the financing of the food service, whereby from month to month the general military norm approved by the Government of the Russian Federation is not allotted to the Ministry of Finance in the full amount but in the

amount of only some 10-20 percent, the question arises: When will everything become normal? Army and navy personnel must have full meals and not percentages of them.

"I hope that we will ultimately cope with the procurement of agricultural products," the chief of the Central Food Administration of the Ministry of Defense, Lieutenant General Vyacheslav Savinov says with a note of optimism. "But all that, as they say, might be pushing things...."

## INTERREGIONAL MILITARY ISSUES

### Maj-Gen Volkov Proposes Changes in CIS Collective Security System

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in Russian 20 Aug 94 p 3

[Article by Major General Vasiliy Petrovich Volkov, candidate of legal sciences, and representative of the CIS Executive Secretariat Council of Defense Ministers: "Collective Security of the Commonwealth: System Needs To Be Changed"]

[Text] More than two years have elapsed since the Collective Security Treaty was signed in Tashkent. The peoples of the former Soviet Union, and not they alone, breathed somewhat easier. Some, because there was now hope that the focal points of the interethnic and other conflicts that had erupted full force by that time on the territories of certain states of the Commonwealth would be extinguished, others, because they understood that the new regional community professing the principles of nonaggression, noninterference, and good-neighborness in mutual relations with other states was prepared to use force in the sole instance of it, the community, or any of its members being subjected to some aggression on the part of third countries. These declarative postulates of the treaty were subsequently bolstered by real actions. The nuclear weapons were concentrated mainly on the territory of Russia and the strategic missiles were no longer targeted at facilities of the former probable enemies.

So the world community could sleep easy. But can the mother, wife, or family of the soldier and officer of the Commonwealth peacekeeping forces (Russian servicemen, in the main), who are literally separating with their bare hands the inhabitants of one and the same state avid to exterminate one another, sleep easy. The peacekeepers themselves quite often find themselves caught up in this fight.

It may now be affirmed that everything as regards our commitments to the world community is being fulfilled unswervingly. Yet our attempts to create an effective regional system of collective security, within whose framework not only problems of military security but also, perhaps, at this stage, problems of greater urgency for the Commonwealth of Independent States could be tackled successfully, remain in many instances merely good intentions, with which the road leading whither is well known.

Only the efforts of Russia, perhaps, are somehow as yet holding back the points of tension that are at times slowly dying, at times flaring up. One has the impression here that it is losing far more than it is gaining. Not to mention the charges of "imperial ambitions," Russia is sustaining considerable economic losses. It is losing its sons. Is it not too high a price for, as some people maintain, "the defense of Russia's interests in the near

abroad?" I believe that what we have there are the interests of the whole Commonwealth, not just of Russia.

God forbid, but what is at this time someone else's business could come to be the epicenter of tragic events like those that have occurred in the Dniester region, Karabakh, Abkhazia, and Tajikistan. It makes no difference here what goals were being pursued or who ignited these conflicts. The main thing is that people, the absolute majority of whom are totally innocent, are dying.

In order for such things to have been ruled out in the future, real political will should have been displayed yesterday, even. Although even today this is not too late.

But, as the almost three-year experience of the existence of the CIS shows, political will alone is frequently insufficient for ensuring that the documents adopted in the Commonwealth at the highest level operate flawlessly. If we go back to that cart in which the Collective Security Treaty is peacefully slumbering, the political will of its participants does, it would seem, exist, and all want to pull this cart in the same direction (as distinct from the participants in the operation from Krylov's well-known fable), but there have been no real, tangible results as yet.

Evaluating this situation, you involuntarily make a comparison with the activity of the NATO bloc. You may take a varying view of this organization and question the very need for its existence under modern conditions, but the fact that no armed conflicts are permitted within the NATO framework and that, if they do arise, they are quickly cut short with the use of all possible means is indisputable. NATO has a mechanism for the realization of adopted decisions. With us, however, this mechanism is far from perfection.

In expressing my position on this issue, I would like to mention that, as a representative of the Joint Armed Forces Main Command and, subsequently, a representative of the Commonwealth of Independent States Executive Secretariat Defense Ministers Council and simultaneously, for almost a year now, having been acting chief of the Department of Interstate Political-Legal and Military Cooperation of this Secretariat (may there be no wincing, as they read these words, among employees of the Finance Office of the CIS Military Cooperation Coordination Staff, where I am down for all the types of allowance—I hold the latter position on a voluntary basis, that is, on an unpaid basis, strictly in accordance with clause 7 of Article 10 of the law of the Russian Federation "Status of the Serviceman") and participating in practically all sessions of the Commonwealth Council of Heads of State, the Council of Heads of Government, and the Defense Ministers Council since the moment of their formation and in certain sessions of the Foreign Ministers Council, I have concluded that the attempts to transfer international experience of the adoption and realization of decisions onto our reality are not always justified. There are many reasons of both an

objective and subjective nature for this: The absence thus far of the necessary legal base and supranational bodies whose decisions would be binding on all states and the readiness of all bodies, organizations, officials, and citizens to abide unwaveringly by the decisions adopted by arms of the Commonwealth, and here the reason is that same legal nihilism to which all of us became inured over decades, and much, much else, including a lack of interest in and, in some cases, active resistance to the integration processes occurring in the Commonwealth on the part of individual states, organizations, and officials. This is natural; each has his own interest here.

Considering this, it will take a considerable amount of time to create the conditions where the decisions adopted within the framework of the Commonwealth are fulfilled unwaveringly.

And, in addition, while there is an absence in our states of a law-based, civil, democratic society, and while all processes are controlled only by individuals or groups of individuals, not rules of law, we need a chief who can lead us to that same law-based, democratic society. This is the mentality of the majority of our society. And we simply cannot escape this.

Considering what has been said, a number of organizational-legal measures are necessary in the immediate future, in my view, to ensure that the Collective Security Treaty operate for the good of the Commonwealth of Independent States, each participant, and, yes, the entire world community as a whole.

The signing of the Collective Security Treaty in May 1992 pursued military-political goals, primarily. This meant preservation of the single defense space, joint armed forces of the Commonwealth, the unified command of the strategic nuclear forces, and certain other points, which corresponded in full to the constituting documents of the Commonwealth of Independent States. The adoption in states of the CIS of legislative instruments on the creation of their own armed forces and on neutrality and such is evoking in the Commonwealth a cool attitude, to put it mildly, both toward the very idea of the treaty and toward all other documents adopted in its development.

In addition, collective security, it is customary to believe, means mainly joint defense against a military threat, and this, let us be realistic, has been pushed back considerably at the present time compared with the Cold War period.

Yet the very concept of security incorporates several subspecies. According to some criteria, security is subdivided into political, economic, environmental, military, and so forth; according to other, most general, criteria, into security of progress, social security, and so forth; according to yet others, into the security of the person, society, the state, and a system of states and planetary security.

To ensure that the involvement of states of the CIS in the Collective Security Treaty be more compelling and, most important, necessary and useful for all members of the Commonwealth, it is essential to determine the priority threats to each state. For the Republic of Belarus, possibly, these could be environmental and economic threats, for the Republic of Tajikistan, political and military threats, and so forth. Having all united together within the framework of the Collective Security Treaty, each state could participate in it in the areas that it needs most.

And now concerning the role of the chief in this process. The entire system of collective security at the first stage could operate under the direct leadership of the head of the state that is the chairman in the statutory bodies of the Commonwealth—the chairman of a Collective Security Council. To ensure continuity in leadership and the fulfillment of the adopted decisions, it is essential to have on a permanent basis one first deputy chairman of the Collective Security Council and three deputies, who could be responsible for the entire set of questions on problems of security in one of four regions of the CIS: East Europe, the Caucasus, Central Asia, East Asia.

There could under the first deputy be a small staff consisting, in the main, of citizens of the state whose representative the first deputy himself is. The basic preparatory work (preparation of draft documents, their concordance and substantiation, and so forth) should be performed in the regional structures of the system of collective security of the CIS and also in the Defense Ministers Council, the Foreign Ministers Council, and the Military Cooperation Coordination Staff and also, if necessary, in other arms of the Commonwealth.

The entire organizational-support work on the final polishing of the documents and the preparation and realization of sessions of the Collective Security Council could be assumed by Executive Secretariat.

Why do I speak about this in such detail? Recent sessions of the Commonwealth Defense Ministers Council and the Foreign Ministers Council have confirmed once again that the majority of subscribers to the Collective Security Treaty are reluctant to have a structure of the system of collective security that presupposes its strict centralization and the creation of costly new interstate bodies. But it is not even the economic difficulties that frighten some states, although some of them are allocating up to 4 percent of their budget, which is sparse by today's standards, for the upkeep of the interstate bodies that already exist. The main thing is that such a system of collective security and the assignments that it is proposed tackling within its framework are not to the states' liking. Consequently, it is necessary to change the system and give it different assignments. I believe that at this stage, whatever degree of integration we achieve in the immediate future, it is essential to shift the brunt of the work on problems of security to the states and the regions and to reserve for the center the solution of

organizational-legal questions and the elaboration of the conceptual propositions of the collective security of the Commonwealth.

The fact that the main intellectual potential in all areas of the proposed activity of the Collective Security Council is concentrated in the states and that it needs to be utilized to the maximum extent in the interests of the entire Commonwealth also speaks in favor of the creation of just such a system of collective security.

The framework of an article does not allow the proposal of a solution of all the complex problems of the collective security of the Commonwealth. But it would be better, in my view, to discuss this at a conference of leaders of the staffs of the security councils of the participants in the Commonwealth of Independent States, that is, the people who feel in their bones and who know better than anyone all the problems of the security of their states, the regions, and the CIS as a whole. It is simply amazing that we have been attempting thus far to decide these most important questions for the Commonwealth without their participation.

It may be assumed with a great degree of probability that some of the proposals that have been expressed in this article will not suit some people. Particularly those who have no interest in a strengthening of the Commonwealth in all areas, specifically in the creation of a dependable defensive alliance. But the integration processes in the Commonwealth have already begun, and no one can stop them.

## UKRAINE

### Ground Troops Chief Kalyshev on Problems Facing His Branch

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16 Aug 94 pp 1-2

[Interview with Ground Forces Main Directorate of the General Staff of the Armed Forces of Ukraine Chief Major-General Mykola Illich Kalyshev by NARODNA ARMIYA correspondent Colonel Viktor Shvyrov under the rubric "First Interview in the New Post": "Suitable Solutions Can Be Found in a Difficult Situation"]

[Text] *He was born in Kazakhstan in 1947, and has been in the Army since 1966. He served in the LVO [Leningrad Military District], after completing the Leningrad Higher Combined-Arms School in 1970, in the posts of commander of a platoon, company, battalion, and chief of staff of a regiment. He completed the Military Academy imeni M. V. Frunze in 1981, and served eight years in the Far East in the posts of regimental commander, deputy division commander, and division commander. After studies at the General Staff Academy, he was deputy commander of an Army in the PrykVO [Carpathian Military District] for two years, and then deputy commanding general of the Carpathian Military District for reform of the troops. He has been chief of the Ground*

*Forces Main Directorate of the General Staff of the Armed Forces of Ukraine since April of this year.*

[Shvyrov] Mykola Illich, the ground forces, as any other branch of the Armed Forces of Ukraine, are undergoing an important and crucial stage in their building and emergence. Quite a few problems and difficulties are arising on this hard and complicated path that seem impossible to overcome all at once, even with the most significant and strong-willed decisions. Time, funds, deeply thought-out and scientifically substantiated approaches and, finally, a clear-cut and solid stance by those people in whose hands lie the current and future ground forces are needed for this. I would like to begin our discussion with the state of affairs among the troops, and in the directorate you head.

[Kalyshev] To start, let us make a brief excursion into the recent past. Ukraine received quite considerable groupings of ground forces after the collapse of the Union, which, proceeding from the conceptual framework for the building of our Armed Forces, needed considerable transformation. There is probably no need to review everything that has been done over the last two and a half years in this area. I would say only that our troops experienced real changes—on both the quantitative and the qualitative planes—over that time, and found a standard organizational structure that is different from that of the Soviet Army. Much has also changed in the views, methods and forms of training units and subunits, and quite a few guiding documents have been devised that the soldiers of the ground forces are using today, to live and to resolve the combat-training tasks they have been given.

One cannot say, at the same time, that everything has gone along smoothly and evenly, as they say, on this difficult path. There have been mistakes, miscalculations, and incompetent decisions that have entailed certain expenditures in the training of personnel and in the execution of planned measures. The controllability of the troops, for instance, is an important indicator of their combat readiness. This problem is not being solved from square one, there were a foundation and a structure. Quite a bit has also been done in this area. Life, however, and the constantly increasing conditions for the command of the ground forces, do not give us any grounds to take for granted what was seemingly mastered only quite recently.

[Shvyrov] What do you have in mind here?

[Kalyshev] The structures that have taken shape in the command and control of the ground forces have not been sufficiently flexible or mobile until recently. The achievement of clear-cut supervision of the manpower and resources that we have today, as you yourself understand, is impossible without that. The solution to this problem—and we understand this very well—lies very much in substantial standard organizational and structural changes in the Ground Forces Main Directorate itself, which I have headed since April of this year. And

that work has been done. The structure and staffing of our directorate have been worked out and approved, with the assignment of Colonel-General Vasyl Sobkov to the post of Deputy Minister of Defense of Ukraine—Commander of the Ground Forces of the Armed Forces of Ukraine. It is distinctive that not a single person has been added compared to the prior staff. Does that make sense? Certainly. We have rejected the expansion of the administrative apparatus, for a whole series of reasons.

First, with the long-term cutbacks in the troops, it was absolutely illogical to engage in expanding the staff. Second, we have clearly defined the tasks and issues that have to be solved by our directorate, and assumed only the functions that are inherent to us with regard to two, if I may say, main areas. These are the preparation and issue of the appropriate guiding documents for the troops, and the development of the fundamental documents for the training year for combat training and support of the vital activity of the military collectives. We have, in short, rejected most decisively what the command-and-control elements at the districts or below should be occupied with. There can be no other approach to this matter. Each, so to speak, must fend for himself. We have, however well it may have been hidden, until recent times been trying to encompass the infinite, spreading ourselves thin with details, which ultimately did not have—and could not have had—the proper impact on the work.

[Shvyrov] Judging by what you have just said, the officers in your directorate will not be found all that often in the field these days. Is that so?

[Kalyshev] The fact that our officers used to spend time primarily in the divisions and corps is no secret to anyone. That was not all bad, on one hand. The people knew the life of the troops, their needs and problems, from more than reports and phone calls alone, and could have a prompt influence on problems right on the spot in organizing the teaching process and assisting the commanders in their work. That should not be taken away.

However, if you think more broadly, at the state level, on the other hand, one would ask whether it is intelligent to use a person with the greatest of experience and considerable potential capabilities only to be sent on official trips? No, and no again. He is not serving in the directorate for that reason. The troops expect from him, first and foremost, competently written guiding documents that conform to the requirements of the times, directives, instructions, methodological references etc. Only an officer who has sufficient time can develop, put together, and profoundly and scientifically substantiate this or that document. That is not to mention his knowledge, experience and ability to analyze some problem and work toward the long term. That speaks for itself.

With regard to trips by officers from the directorate into the field, they will naturally occur in the future as well, but not in the quantity they did before. They will study more broadly a circle of issues in the course of their work

in the units, divisions and corps, among them those connected one way or another with the practical realization of documents that were developed earlier, in order to become convinced with their own eyes of their correctness, on the one hand, and of their benefit to the military collectives that are living with them, on the other. That practice gives them the opportunity to make the necessary corrections in the plans and programs promptly and, most importantly, to the benefit of the matter (life does not stand still). Gunnery training and other manuals, study of progressive experience, determination of the most valid ways of raising the combat readiness of the units and subunits.

We are facing the task today of getting oriented in the most expedient manner with the army aviation that has been transferred to our jurisdiction. I have in mind the helicopter regiments. They have already been resubordinated three times, and at this point are entirely contained within the districts. This variation is naturally not the ideal one, but before we take some other step, we must study the issue more deeply. It cannot be ruled out that some portion of the air units will be transferred to the corps with time, and a portion will remain under district subordination. I repeat, however, that in order to take such a step, we will study everything down to the smallest detail, take it all into account. And here is why. If, say, there is a lack of clarity for the mechanized, tank or other units here on the plane of their logistical support, then it exists for aviation as well.

There are also quite a few problems with the air-mobile troops, first and foremost on questions of their logistical support. The way they are supplied today does not suit either us or the commanders of the units. Real, and once again deeply thought-out, corrections are needed here. The air-mobile troops, which are now just getting onto their feet, will otherwise have to mark time for a long time. And that cannot be permitted.

[Shvyrov] Mykola Illich, it is difficult today for more than the air-mobile troops alone. The other branches of the service are not in the best of shape, either. There is not enough fuel or spare parts, there is no opportunity to conduct large-scale exercises or to engage in full-fledged firing, march or special training. There is more and more "walking through vehicle movements" in the course of tactical-formation exercises. Why am I saying all of this? Because whether we like it or not, the commanders and their subordinates are losing their skills in the organization and conduct of contemporary, combined-arms battle.

The performance evaluations by an inspecting officer that were conducted this spring in the 38th Army Corps, for example, ran up against the fact that all of the squads, platoons, companies, batteries and battalions in one of the mechanized regiments, as the report documents testify, conducted tactical exercises. When the task was assigned of organizing and conducting company tactical

exercises with live firing at the Uzhhorod mountain proving ground, it was necessary to see what all of these efforts cost. A question in this regard—what must be done to see that the discrepancy between the effectiveness and utility of tactical exercises without the use of weaponry and vehicles, and those in the course of which the trainees, say, conduct an attack using vehicles and with live firing, is reduced to a minimum?

[Kalyshev] A discrepancy undoubtedly exists. And it is typically large in certain units and somewhat smaller in others. Many reasons could be cited to explain this situation. I will dwell on a few of them.

It is no secret that the instructiveness of any class, and a tactical exercise in particular, depends to a great deal on its leader. If he is a responsible, competent and methodologically well-prepared person in and of himself, there is no doubt that the time spent in the field will not be wasted for his subordinates. And on the contrary, if the commander himself requires additional theoretical knowledge and practical skills, then he will be able to teach his subordinates little. If the task is not posed, the result will be the same. So if we want more or less to approximate the effectiveness of exercises in the performance of which the use of weaponry and vehicles is impossible to those in which they are used, we must organize and conduct training for the commanders in the units in all seriousness, arm the officers, and first and foremost the recent graduates of the military schools, with the methodological knowledge and experience of the better commanders. The more so as this requires no significant material expenditures. In order to train platoon and company officers with all of the rules for filling out the working map, making decisions in battle and bringing them to life, it is enough to bring them out onto the proving ground and train them, the battalion commanders, to your heart's content. That is first.

Second, we have still not determined how, under conditions of a shortage of all and everything, to train the small subunits. And, most importantly, we still have no thorough and comprehensively devised technique that would permit the squads, platoons and companies to move from exercises without the use of weaponry and vehicles to exercises using them without any particular complications. But there will be a technique, I am certain, and there will not be many examples like yours.

We are placing great hopes in this regard on the regimental tactical exercises with live firing in the OdVO [Odessa Military District] for the second half of September. Officers and generals, starting with the commanders of regiments up to the commanding generals of the military districts, will be observing the course of those exercises. The preparations for them are already underway. The tank regiment of Lieutenant-Colonel Kozlov conducted firing using standard shells at the beginning of August, and is today preparing to go out to the Shyrokolanskyy firing range.

Artillerymen, missile troops, air-mobile troops, fliers and the personnel of subunits from the engineering and

chemical troops will be taking part in the exercises along with the tankers. Incidentally, so that no one gets the impression that this regiment has been devising a program of combat training in accelerated fashion (firing sooner than the others, bringing out the vehicles etc.), I would point out that the exercises are proceeding there strictly according to plan, with the only difference that the subordinates of Lieutenant-Colonel Kozlov, compared to their kindred collectives, began their summer training a little sooner. There are thus no reasons in this instance to doubt that they can devise a program of combat training quite thoroughly through participation in the exercise.

And another thing. A battalion tactical exercise with live firing will be taking place at the end of the year at the Honcharivskyy firing range, which will also have as its aim arming the commanders at various levels with advanced techniques for organizing and conducting exercises.

[Shvyrov] How do matters stand in general with combat training in the ground forces?

[Kalyshev] Some of the mass media are covering the life and activity of the army in one-sided fashion, in their chase after the "hot" facts. I can declare with full authority that combat training in the ground forces is going on, and going on no less intensively than during the last period. Exercises in combat readiness took place at the beginning of the summer training everywhere, and questions of solitary training were worked out to the great benefit of the personnel. Assemblies have now been held in many formations with the commanders of regiments and their deputies. Significantly, those functions have a great practical thrust today. The officers shoot, drive combat vehicles, and resolve tasks on the spot. The active members of the unit go out to the firing range, do semi-automatic firing and driving combat vehicles. Field trips of a week are widely practiced today. The soldiers, not burdened at that time with guard duty and other routine work, have a good opportunity to study intensively both day and night.

The plans are clarified where necessary, to the credit of the commanders and staffs. The exercises are conducted according to the method of "walking through vehicle movements," using simulators and other means, in places where the limits of fuel have been allocated but there are no supplies. Suitable solutions are found to the difficulties, that is.

The situation with the exercises could doubtless become more complicated at the stage of combat interaction of the subunits, but we are counting on the fact that all planned measures will be carried out nonetheless.

[Shvyrov] Once again, returning to the performance evaluation with inspecting officers in the 38th Army Corps, I would like to touch on another problem. Imagine this scenario. The crew commanders and gunners of a mountain mechanized company established, on

the eve of exercises with controlled firing using standard shells, that the overwhelming majority of the drivers in that subunit were not certified to drive an infantry fighting vehicle. And that was not their fault, but rather their misfortune. They had all been let out of the training units without having driven the proper amount of mileage. The decision of the chairman of the inspection commission, Deputy Minister of Ukraine Colonel-General Ivan Bizhan, was unequivocal: the company was removed from the firing, and their fire training was rated as a two.

Many proposals were later heard in a discussion with the commanders and representatives of the staffs at various levels, with regard to how to prevent such mix-ups in the future. One of them, I think, made a lot of sense. The essence of it was that the fuel allocated to the line units for the training of the drivers, and which is not sufficient to acquire the necessary driving mileage anyway, would be more expediently used in the training units. The troops would obtain fully trained specialists as a result. How do you feel about that?

[Kalyshev] You really cannot find a better way out of this situation today. And it would be sinful not to utilize such a proposal. The appropriate corrections to the supply of fuels and lubricants to the training centers have been made in accordance with a directive from the Minister of Defense. The line units can thus quite justifiably count on receiving well-trained young specialists in the future.

As for the company you mentioned and other subunits that received unsatisfactory ratings in the performance-graded exercises through more than the fault of the drivers alone, they will soon be checked by officers from our directorate.

Since the discussion touched on the training centers, I cannot fail to note one aspect of the issue. Today we are finally determining just how many graduates of the training subunits the ground forces really need. And the picture that is apparent here is that our requirements for young specialists are somewhat less than the capabilities of the training units.

[Shvyrov] The picture is clear, as a whole, with the state of affairs at the centers and the training of young specialists at them. But what about the question of the provision of personnel for the line units? I know there are many that are experiencing an acute shortage of commanders at the platoon, company and battery levels today...

[Kalyshev] That is indeed so. There is also a shortage of young officers in the mechanized, artillery and other subunits, as well as the tank units. This is a serious problem. It is being solved, however. I recently had occasion to visit a number of military educational institutions, with First Deputy Minister of Defense of Ukraine—Chief of the General Staff of the Armed Forces of Ukraine Colonel-General Anatoliy Lopata, in

order to determine how many officers need to be trained for our troops. A decision has been made on this question, and we are counting on substantial assistance in resolving this situation. I will just say, without going into the details and fine points, that officers for the air-mobile troops will be trained at the military department of the Lviv Polytechnical University and at the Odessa Ground Forces Institute. The Kharkiv Tank School will continue its existence as an affiliate of the KISV [Kiev Ground Forces Institute]. Its ranks will be supplemented by 200 second-year cadets from the Odessa Ground Forces Institute. There are also other concrete decisions that will undoubtedly only benefit the cause of training cadre military personnel.

[Shvyrov] Mykola Illrich, in concluding our discussion I would like find out how matters stand with the acquisition of cadre personnel for your main directorate.

[Kalyshev] I have already indicated that we have worked out the optimal staffing level. It will allow us not only to feel the pulse of the life of the troops, but also to have an impact on issues connected with the maintenance of combat readiness in the units and subunits at the appropriate level in a prompt manner. As for the provision of officers for the directorates, departments and groups, problems do exist. But where do they not today? If we are speaking of our collective as a whole, then it has considerable potential capabilities and is able to perform the tasks that face it in a quality manner, at a high professional level.

[Shvyrov] Every success to you, and thank you for the substantive answers to the questions.

## BALTIC STATES

### Zotov on Final Troop Withdrawal From Latvia

944F1450A Moscow NEZAVISIMAYA GAZETA  
in Russian 30 Aug 94 p 3

[Article by Sergey Zotov, special envoy, head of the state delegation of the Russian Federation at the negotiations with the Latvian Republic: "Diplomacy and the Troop Withdrawal: The Last Russian Troops Will Leave Latvian Territory Tomorrow"]

[Text] Against the background of many centuries of relations between the Russian and Latvian peoples, the years of the current negotiation process between Russia and Latvia (1992-1994) at first glance seem to be only a small episode. In reality they represent an achievement of great historic importance. I am convinced that in time they will become the subject of attentive study by specialists and scholars, but only after at least 10 years have passed will it be possible to make an impartial and objective appraisal of the events of this period. Right now, as we have to cut "live flesh," as "passions" have not yet subsided, as it is still difficult to rise above the trifles and sore points of secondary importance, it is very difficult to put everything in proper perspective. But

even now there is no doubt that 31 August 1994—the day Russia completes withdrawal of its troops from the territory of Latvia and Estonia—is the culmination of a lengthy period of inter-relations and the starting point of a new stage in their cohabitation.

Reaching this point was made possible by the exceptionally complex and delicate work over the past two and a half years by the state delegations of Russia and Latvia in tense and sometimes dramatic negotiations. The task that was being resolved was immense in its seriousness, scale, and complexity, and was the first of this kind the diplomacy of each country had encountered—to implement a civilized "divorce" of two republics that had lived under the same roof for half a century and to put this "divorce" process on a solid contract-legal base. There are no precedents of this kind in the Soviet Union. This work had to be done from scratch, and on top of that in a complex situation of political instability in Latvia and a difficult situation in Russia.

In the set of questions that had to be resolved, of key importance was the problem of creating the conditions for Russia to withdraw its armed forces from Latvia in a dignified way within the framework of the principal political decision made on this account by the national leadership. Accordingly, for the Russian side the only acceptable term was to withdraw the troops in a deliberate order, within the time frame acceptable to it and, in the interests of strategic stability, without harm to the security of either side, while settling in the process the questions of social protection of military retirees and members of their families remaining in Latvia.

Solving this task in the Latvian instance was especially difficult for a number of objective factors. Compared to Lithuania and Estonia, the largest group of troops in the Baltics was deployed here, with a personnel roster of 58,000. Being an important segment of the "front line" of defense of the former USSR, in terms of the number of depots of all categories of ammunition and weapons Latvia was a "powder keg." It was also the site of three military facilities of strategic importance for Russia: The early warning radar station in Skrunda, a space center in Ventspils, and a submarine base in Liepaja. The largest number of retired military (22,320) and members of their families (63,000) also live in Latvia. And finally, of all the three republics, it was in Latvia that the share of nonnative population—mainly Russians—comprised half the population of the country. All these factors represented the components of a volatile "cocktail," in which a danger of an explosion had to be eliminated as quickly as possible.

The time has not yet come to talk about many moments in this diplomatic marathon, but one has to mention additional difficulties born of the "childhood disease" of radicalism and right-wing nihilism which for a long time afflicted the Latvian side, with the Latvian partners turning the negotiation process into a sort of spectacle designed for internal political consumption.

By presenting at the first stage of negotiations conditions that were known to be unacceptable to the Russian side, and sabotaging quick completion of the main agreement on troop withdrawal, the Latvian side placed an emphasis in its tactics on mobilizing international pressure on Russia, demanding immediate troop withdrawal, or in essence the "capitulation" of its partner in the negotiations. Unfortunately one has to admit that this well-orchestrated pressure, which was launched in a number of directions, including the CSCE and the United Nations, was actively joined by many Western countries, which essentially turned a blind eye to the glaring gross and massive violations of human rights in Latvia and Lithuania.

The hypocrisy of many Western politicians toward Russia showed openly as never before. Was this not evident in the Council of Europe decision to accept Estonia as a member and link economic aid to Russia to troop withdrawal before a certain date, although the resolutions of the United Nations, CSCE, and even NATO contained the language of "orderly" withdrawal of troops on the basis of bilateral agreements? This was a very instructive episode for Russia, or to be precise, a lesson from the history of diplomacy which we should remember and from which we should draw appropriate conclusions.

Without waiting for the signing of the main agreement, already in 1993, at the initiative of the Russian side, nine intergovernment agreements were drafted and went into effect; they set the procedure for military personnel crossing the border and customs formalities during troop withdrawal, the procedure for passage of military vessels in Latvian waters and flights in Latvian air space, the use of rail transport in transportation of troops and military cargo, setting up joint-stock companies at Russian military plants in Latvia, and others. This created a solid international law foundation for regulating individual and very important practical questions associated with the troop withdrawal.

The position favoring a "package" solution of the entire complex of issues associated with troop withdrawal, which was enunciated by Russian Minister of Foreign Affairs Andrey Kozyrev on 6 August 1992 and which the Russian delegation persistently defended up to the moment this package was signed, proved completely justified. This is not the time to talk about dramatic episodes of the battle that was being conducted from different sides and aimed at breaking up this "package" and in particular remove from it the agreement of military retirees and the agreement on the legal status of the radar site in Skrunda. The important part is that a package consisting of five agreements was initiated on 16 March on the level of heads of state, and signed on 30 April in Moscow in the course of the visit of President of Latvia Guntis Ulmanis; it included as a whole the agreement on terms and the time frame of withdrawal of the Russian Federation Armed Forces from the territory of Latvia and their legal status during the period of

withdrawal, the agreement on social protection of military retirees and their families staying in Latvia, a protocol to this agreement, the agreement on social protection of military servicemen for the period of troop withdrawal, and the agreement on the legal status of the radar station in Skrunda.

The signing of the package of military agreements between Russia and Latvia and their implementation are undoubtedly a major event not only in their bilateral relations but also in international life. For the first time in the negotiations process with the Baltic states we were able to create a solid contract-legal base for a dignified withdrawal of Russian troops, a conflict-free solution to controversial issues associated with it, which allowed the volatile situation in this region to be defused. Thus, one "sore point" was removed in our relations with CSCE countries, Russia's international positions as a whole were reinforced, and a qualitatively new situation was created which seriously influenced the negotiation process with Estonia and Lithuania.

The international community welcomed the Russo-Latvian agreements, seeing them as a factor of strengthening security and stability in the region and Europe as a whole.

The lasting importance of the military agreements with Latvia lies in the fact that we have managed to accomplish troop withdrawal in the civilized way, avoid the threat of using force. This is an unquestionable achievement of Russian and Latvian diplomacy. The final result of their exceptionally difficult and unique work is a package of intercoordinated military agreements which represents a precisely calibrated balance between the national interests of Russia and Latvia.

This assessment is the answer both to Russian critics of these agreements and the militant national-radicals in Latvia, who dubbed these agreements the "Zotov-Virsis pact." There were no winners or losers in the Russo-Latvian negotiations. The package of documents signed in the Kremlin was the manifestation of high state and international responsibility on the part of the heads of two states; it is the victory of common sense.

After 31 August the future of the Russo-Latvian agreements will depend first and foremost on Latvia, where acute internal political fights continue around the aforementioned agreements. We are deeply concerned over the foot-dragging on the part of the Latvian Saeima with respect to ratification of the treaty and agreements on military retirees, which have been in force from the date of signing but on a "temporary basis." I would rather not think about the worst case scenario, but if ratification of the agreement on retirees is derailed, it is not hard to see what additional harm will be done to the cause of normalization of bilateral relations, which has not yet recovered from the blow dealt to it by the discriminatory Latvian law on citizenship.

Russia, for its part, intends to resolutely insist on respect for human rights, the rights of its compatriots in Latvia, and the carrying out to a full extent of the treaties and

agreements signed with it. I am sure that to this end the Russian leadership will apply all international law, political, and economic measures of influence at its disposal that would be commensurate with the situation.

I would like to hope that in the final analysis Russia will not have to resort to such measures. The profound interests of Russia and Latvia dictate the need for a solicitous attitude and further increase of the positive potential built into the military agreements and the 20 other intergovernment agreements signed as a result of the negotiations between the state delegations of the two countries.

## CENTRAL ASIAN STATES

### Nurmagambetov on Defense, Armed Forces

944K22704 Almaty KARAVAN in Russian  
No 35, 2 Sep 94 p 6

[Interview with General of the Army Sagadat Nurmagambetov, minister of defense of the Republic of Kazakhstan, by Rakip Nasyrov; place and date not given: "Sagadat Nurmagambetov: Nostalgia for the Soviet Army..."]

[Text] The subject of our interview—General of the Army Sagadat Nurmagambetov, minister of defense of the Republic of Kazakhstan—was born on 25 May 1924 in Akmola Oblast. He was drafted into the Army at the age of 18, underwent a crash course at the Turkestan Machine Gun School, and in April 1943 with the rank of lieutenant found himself at the North Kazakhstan front. He ended the war with the rank of major.

In the period 1946-1949 he attended the Frunze Military Academy. He went on to serve in the Turkestan and Central Asian military districts, except for four years when he was first deputy commander of the Southern Group of Forces in Hungary.

He then returned to the Central Asian Military District and in 1989, following the liquidation of the district, he retired. He was a deputy of the 12th Supreme Soviet and chairman of the Committee for Veterans' and Servicemen's Affairs.

As of 1991 he has been chairman of the State Defense Committee, and as of May 1992, minister of defense of the Republic. He was the first in Kazakhstan to be awarded the title of Otan Batyry.

[Nasyrov] Does it not seem to you that the present armies of the CIS countries are somehow inferior and incapable, perhaps, of tackling independent operational assignments?

[Nurmagambetov] I served in the army for 52 years and, naturally, I have a sense of nostalgia for the Soviet Army. This truly was one of the strongest armies, if not the strongest. As far as such new formations as the Armed Forces of the Republic of the CIS are concerned, this is not the whim of Kazakhstan or Uzbekistan, say. It is an objective process.

Nursultan Abishevich has always been for the creation of a unified army, incidentally. Everyone is well aware of this. This was why Kazakhstan was the last in the CIS to form its own army. Even now we are for the CIS having a unified joint command.

But what are the armies of the Union republics of the former USSR? We need to take a sober look at the state of affairs: Their combat capability needs to be enhanced in earnest. Apart, we are like a spread palm. Together, a single fist. We believe, therefore (our president speaks about this in his document on the Eurasian Union), that there should be joint armed forces and that there should be a single defense space. But with the preservation of independence. That is, the accomplishment of large-scale strategic defense assignments only by joint efforts.

[Nasyrov] What about the border problem? Will Kazakhstan seal its borders or will they be, as before, "transparent"?

[Nurmagambetov] The border question is not mine but I will answer it, nonetheless. The border with China will continue to be guarded, as it has been, by the border forces. By the border forces of Kazakhstan now. As far as a strengthening of the borders with Russia, Uzbekistan, and Kyrgyzstan is concerned, I consider this absurd. No one needs this. They should remain "transparent."

[Nasyrov] I was meaning not so much the functions of the border forces as the stationing of army units. Where will the main grouping be concentrated? Closer to the Chinese border or toward the borders of our former Union republics? Does Kazakhstan intend maintaining forces against Russia?

[Nurmagambetov] War between Russia and Kazakhstan is impossible by virtue of the existing bilateral military and state agreements. This issue will disappear.

[Nasyrov] The problem of the Cossacks has now arisen. The Cossacks are saying: We want to join the MVD and the Armed Forces as separate army formations. How do you view this matter?

[Nurmagambetov] I view this matter as follows. First, I know nothing about this. No one has applied to me. This is the first point. Second, I believe that separation of the Cossacks would not strengthen the unity of the state. We say that all citizens here are equal, they should serve equally also. In one state, in one army. Why should we distinguish the Cossacks?

I am an opponent of national or ethnic formations. Be they Kazakhs or Cossacks.

[Nasyrov] How are matters with regard to hazing? Is there no hazing on a national basis?

[Nurmagambetov] There is hazing as such. Unfortunately. On a national basis, no. On the contrary, Kazakhs are beating up their own Kazakhs. We are fighting this.

[Nasyrov] What do you think, should the minister of defense be a Kazakh or is this of no consequence?

[Nurmagambetov] I don't believe that anyone has given any thought to this, it has not even occurred to me, for example.

[Nasyrov] Why are Russian officers trying to leave the Kazakhstan Army?

[Nurmagambetov] Merely leaving—you cannot put it this way. In order to leave there has to be some reason. Discrimination. Then there would be a reason. With us appointments and promotion of the officer corps are not carried out on a national basis but according to whether people can command or not. But it cannot be said that there is no outflow—there is a great outflow, the Russians whose roots are in Russia are leaving. We are being joined, however, by our, Kazakhstani, Russians. Many Russians are coming from Ukraine, from the Transcaucasus and Central Asia. Kazakhstan natives. They include Kazakhs, Russians, Tatars, Koreans, Germans. They are saying: We want to serve at home.

[Nasyrov] In what language are commands issued in the Kazakhstan Army, in what language do the soldiers sing the ceremonial songs?

[Nurmagambetov] We conduct the training in Russian. And we give the commands in Russian. Ultimately, the language is not decisive. If a command is given in Kazakh and tomorrow combat readiness rises, I would order a switch to Kazakh to day. This is not the issue.

[Nasyrov] And as regards deserters and those dodging service?

[Nurmagambetov] A good question. I would like to say this. How did all this begin? There is desertion as such at this time in all armies. I mean the armies of the CIS. And it began with the disintegration of the Soviet Union. Each republic began to declare its sovereignty. That its soldier was its citizen and that he should return to his motherland. And the first to declare this, incidentally, was Ukraine. And wholesale flight began. All this should have been stopped. But it was not. Do we have deserters today? Yes. I cannot say that we have many. What distinguishes them particularly is that never before in our state's existence did their parents shelter them. Previously they would beg: Take our son into the army. His friend has gone, ours has nothing to do. Now they are sheltering them. There should be liability for this. But no one is bringing them to book as yet. What is meant by defense of the fatherland? It is the cause of the entire state. But people are pilfering their sons instead of his studying and being a soldier. It is this new phenomenon that worries me. No patriotism.

[Nasyrov] What, if it is not a secret, is the strength of the army of Kazakhstan?

[Nurmagambetov] It corresponds to the economic possibilities of the Republic.

## ARMS TRADE

**Future of Missile Technology Sales to Iraq**

94UM0569B Moscow *NOVOYE VREM'YA* in Russian  
No 33, Aug 94 [signed to press 16 Aug 94] pp 23-24

[Article by Boris Dluzhnevskiy: "Missile Manufacturing Assistance to Iraq May Resume: Iraq Is Ready for the Lifting of Sanctions, but the Support of Russia Alone Will Not Be Enough"]

[Excerpts] At the latest session of the United Nations Security Council, Russia proposed that economic sanctions against Iraq be weakened. Despite the fact that France and China supported Russia, the initiative was blocked. It is evident that Russia will make more than one attempt to remove the sanctions from Iraq. [passage omitted]

Based on the Soviet SCUD missile, Iraq developed the Al-Husayn missile (in 1987), with a range of 600 kilometers, the Al-Abbas missile (first test was conducted in 1988), with a range of 900 kilometers, and the Tammuz-1 ballistic missile—a combat version of the Al-Abed carrier rocket, with range of 2,000 kilometers. Based on Soviet air defense missiles, Iraq produced the Al-Fahd-300, Kazir, and Bark ballistic missiles, with a range of 300 kilometers.

The missiles were built from Soviet assembly units with the assistance of specialists from the West German company Tissen Machine Building at enterprises in the cities of Al-Tajji, Beydepi, and Mosul, as well as on the assembly line of the Al-Tadench system. In all, Iraq has manufactured 700-800 missiles, mainly of the Al-Husayn and Al-Abbas varieties.

With technical assistance from French and German specialists, Iraq produced its own Al-Valid and Al-Nidah mobile launchers. German assembly units constituted the basis for the production. For example, 26 Laimler-Benz trucks, obtained by Iraq through the French firm Marel, provided the basis for one of the launchers.

**Competitors Will Be the Same**

Following the introduction of sanctions, all foreign specialists departed from Iraq. The only operating missile program left in Iraq was the program begun in the mid-1980's for production of tactical missile systems.

Iraq produced the Lait tactical missile based on the obsolete Soviet FROG-7 missile. It used Lait missiles against Kuwait and in military operations against Kurdish insurgents.

Up until now Iraq has been developing two tactical free-flight missiles—the Kasser, with a range of 150 kilometers, and the Nizan-28, with a range of 110 kilometers. In the coming decade Iraq is capable of developing new missiles that have a range of up to 150 kilometers.

At present, efforts to produce a medium-range missile are frozen. Facilities of the missile-building and nuclear industries are inspected by the United Nations. But if the sanctions are weakened or repealed, Iraq will be able as before, with foreign assistance, to restore the level of its missile potential. In this event, it is likely that production of the Hojar missile system, with a range of 500 kilometers, will be resumed.

Thus, Russia's main competitors in the Iraqi arms market may be the firms of states participating in the formation of Iraq's military-industrial potential, primarily France and Germany, as well as North Korea and China.

It can be expected that the United States and Kuwait will oppose Russia's entry into the Iraqi arms market, fearing the strengthening of Iraq's military might.

Despite the fact that shipments of missile equipment and arms, technology transfers, and the training of specialists can bring tremendous financial and commercial benefits, it is evident that Russia will adhere to the UN sanctions against Iraq as long as they exist.

**Prospects for Arms Sales to Kuwait, Iraq**

94UM0569A Moscow *NOVOYE VREM'YA* in Russian  
No 33, Aug 94 [signed to press 16 Aug 94] pp 22-23

[Article by Igor Ryabov: "Idealists and Pragmatists: The Russian and U.S. Positions on Lifting the Embargo Against Iraq Diverge Because Both States Have Differing Priorities in the Near East"]

[Text] American diplomacy has been more successful than any other in reconciling enemies in the Near East. The White House can show to its credit intermediary efforts in the agreements between Israel and Jordan, Israel and Syria, not to mention the Palestinian-Israeli peace treaty and the agreement between Israel and Egypt.

While Russia's Minister of Foreign Affairs is on vacation, his colleague, U.S. Secretary of State Warren Christopher, continues to be present for the handshaking of former enemies and participate in their friendly telephone conversations as a third party—such is the symbolic ritual of a successful mediator.

While the White House celebrates one victory after another, Russia is setting up trade and economic relations with the Arab countries. The most recent step resulting from this policy was a trade contract signed by Rosvozruzheniye and Kuwait's Ministry of Defense. According to this contract, Kuwait will purchase a consignment of BMP-3's [Armored Personnel Carriers] and Smerch rocket launcher from Russia.

### Kuwait Does Not Accept Bad Quality

Kuwait has long had the burning desire to resurrect its army arsenal severely damaged by Iraqi aggression. The only surprising aspect, therefore, is the fact that it was with Russia that Kuwait concluded its first treaty. There are more than enough other countries desiring to sell arms.

It would have seemed far more logical to purchase arms primarily from countries that had accomplished the lion's share of the work in liberating Kuwait from Iraqi soldiers—France, Great Britain, and the United States. Now Russia obtained a real opportunity to take the initiative away from Western competitors—chiefly France—as a main seller of arms.

Rosvooruzheniye experts consider the contract with Kuwait as highly advantageous. Over the first seven months of the year, the state company Rosvooruzheniye has concluded contracts amounting to \$1.5 million. But the Kuwaitis will pay about \$800 million all at once.

The armament ordered by Kuwait is fairly sophisticated—the Soviet Army received the Smerch in 1987. And Kuwait treated the purchase seriously. Not like those three submarines Iran purchased from Moscow that were engaged in who knows what kind of operation off the shallow waters of the Persian Gulf.

In reaching agreement with Kuwait on the sale, Russia is playing openly—not in the sense of open negotiations (news about the contract was divulged only on the day of its conclusion), but by virtue of the fact that the laws of competition are the only governing factors on the Kuwaiti market.

### The Embargo Must Go...Legally

The state of affairs is somewhat different with respect to Russia's relations with Iraq. Iraq is presently subjected to economic sanctions—its market is closed to foreign partners.

Prior to the agreement with Kuwait, at the beginning of August, Iraqi and Russian diplomats held talks in Moscow concerning economic cooperation. The diplomats discussed terms for mutual relations in the event the economic sanctions imposed on Iraq in 1991 were lifted.

It had become clear several days earlier that Russia would be a leading partner of Iraq with respect to oil production. There are observers who conjecture that Russia will begin oil production in Iraq prior to the lifting of sanctions.

It is evident that such a blunt initiative on the part of Russia could be to the dislike of several members of the Security Council, who review the question of the Iraqi embargo once every two months. Whereas Russia, China, and France are interested in pardoning the regime of Saddam Husayn, Great Britain and the United States are against it.

The majority of the Security Council members are legally correct. When the sanctions were introduced, their repeal envisaged total fulfillment of the demands the world community presented to Iraq—to acknowledge the independence of Kuwait and terminate the production of chemical and nuclear weapons. Iraq is meeting these demands, and so the sanctions may be lifted.

### Whom To Enlist as Accomplice?

Russia's policy is simple—everything possible must be done so as to obtain favorable conditions for economic activity on the Iraqi market. And the best way to please the Iraqi authorities would be to help them effect removal of the sanctions as quickly as possible.

Russia's pro-Iraqi stance directly contradicts the interests of Great Britain and the United States.

First of all, the latter do not intend to lift the sanctions only because Saddam Husayn is fulfilling the conditions of the United Nations Security Council. When the sanctions were introduced, the United States insisted on broader terms. If Baghdad meets only the main demands, it will not stop persecuting the Sunnis and Kurds, for example. The United States has always insisted on the observance of human rights in Iraq and is presently demanding that Iraq reestablish democracy in exchange for the lifting of sanctions. The American position is more idealistic than the Russian one.

Secondly, it is important to the Americans not to lose the initiative they have developed in the Near East. It is one thing to reconcile others, but quite another to become friends with an overt antagonist. And it is even more disadvantageous to do so under pressure from Russia, a country the United States has essentially outplayed in the Near East.

Thirdly, in the event sanctions are maintained, Iraq may not be able to hold out economically. The sanctions are producing results. It is necessary, therefore, to make the embargo last as long as possible.

Prior to Desert Storm the Iraqi dinar was worth three dollars. Today one dollar yields 500 dinars. Leading entrepreneurs are leaving the country. The average wage is 1,000 dinars per month. The United States is calculating that if Iraq's economy collapses, the regime of Saddam Husayn will also fall. The Americans may perceive Russia's desire to lift the sanctions from Iraq as support of a dictatorial regime.

### Saddam Deserves Betrayal

Of course, the United States will not pin the label of dictator's accomplice upon Russia. But if the United States entices France over to its side, Moscow is entirely capable of earning for itself a reputation similar to that which it received by virtue of supporting the Bosnian Serbs. They did not support them demonstrably, but all the same... The White House will undoubtedly make the main slogan of its policy with respect to Iraq: "He who is not with us is in favor of Husayn."

Great Britain and the United States are insisting that the sanctions were introduced according to the spirit, and not the letter of democratic laws. They are striving to prove that Saddam Husayn deserves betrayal on the part of the world community.

This is where the difference lies between policies of the United States and Russia in the Near East. The Americans are uncompromising with respect to the anti-democratic regime of Saddam Husayn—even extremely harsh, and they intend to remain so until he reaches his end. Russia is proceeding from its own state interests, in particular the desire to profit from Iraqi oil.

The record is quite scanty when it comes to turning "bad," antidemocratic states into "good," democratic ones, when there is no change in the leadership. The United States has no illusions with respect to Iraq and will apparently be stubborn in its striving to ride roughshod over the Saddam Husayn regime—even to the extent of risking criticism for violations of Security Council resolutions and squabbling with Russia.

The idealistic approach of the United States has a weak side. Russia will therefore have no particular misgivings about beginning to insist on the lifting of sanctions. If it succeeds in restraining the White House thrust, the strategy of gaining Iraq's confidence will have been justified.

Perhaps the idealism of the White House has certain practical aspects as well—Iraq would hardly begin at some time to purchase the weapons of its enemy, and indeed, the American Congress would not permit arms shipments from the United States to Iraq.

## DEFENSE INDUSTRY

### Glukhikh on Implementation of Conversion Program

944F1345A Moscow NEZAVISIMAYA GAZETA  
in Russian 18 Aug 94 pp 1-2

[Interview with Viktor Glukhikh, chairman of the State Committee on Defense Branches of Industry, by Faina Osmanova; place and date not given: "Viktor Glukhikh: 'Defense Enterprises Have Adapted to the Market' but, in the Opinion of the Chairman of the State Committee on the Defense Industry, They Cannot Get By Without Planning"]

[Text] Viktor Constantinovich Glukhikh, born 1946, higher education, candidate of technical sciences, academician of the International Engineering Academy, chairman of the Russian Federation State Committee on Defense Branches of Industry. From 1966 through 1990 worked at the Leningradskiy Metallicheskiy Zavod Production Association and rose in the ranks from a fitter to a head engineer. In 1990 he was appointed first deputy minister of industry of the Russian Federation, in October 1992—chairman of the Russian Federation Committee on

Defense Branches of Industry, and in September 1993—chairman of the Russian Federation State Committee on the Defense Branches of Industry.

[Osmanova] For six years now the military-industrial complex has been converting defense production. What changes have taken place in the structure of the defense complex during this period and how are the defense branches adapting to market conditions and reacting to the needs of the market?

[Glukhikh] The beginning of the conversion of military production is considered to be the year 1989. We have spent most of this time searching for efficient forms of organizing the defense complex that are adequate to market principles, which are something new to us.

The first step in this direction was, in my view, the creation at the end of 1992 on the basis of the former Union ministries of the State Committee of the Russian Federation for Defense Branches of Industry. The main task of the State Committee on Defense Branches of Industry is to develop an industrial policy and implement it in practice in defense branches. This policy must be one which, on the one hand, best satisfies the interests of Russia's national security and, on the other, provides for the most rapid and effective utilization of their potential for producing civilian products.

The second stage of the structural transformations was the creation of joint-stock companies and privatization of defense enterprises which, one must note, is proceeding at fairly rapid rates. The main thing here is the formation of a nucleus of defense enterprises with various forms of ownership, which are oriented toward filling the state defense order and implementing long-term weapons programs. Its basis is made up of state enterprises that are not subject to privatization before 1995. Their composition and number (454 enterprises) was determined by the corresponding directives of the president and Government of the Russian Federation.

Thus an absolutely new situation has arisen wherein the development and production of weapons is being handled by enterprises with various forms of ownership. The State Committee on Defense Branches of Industry is faced with a problem—to provide for effective utilization of production capacities that have shared ownership of the state and joint-stock companies. This means providing for full loading of enterprises, technical retooling, and determination of the prospects for their development.

Today it is perhaps possible to say that adaptation of defense branches to market conditions on the whole has been accomplished. This is confirmed by the fact that under conditions where the state defense order makes up less than 25 percent of the structure of the commodity volume of the "defense branch" and its financing is greatly delayed, the enterprises are surviving precisely because of civilian output.

But the Russian producer in Russia, just like the American producer in the United States, must have a certain amount of help and protection from his native state.

As early as 1993 our committee had developed a concept of the state industrial policy in the defense complex which envisioned certain protectionist measures for protecting producers of science-intensive civilian products and consumer goods in combination with the development of a competitive environment on the consumer market.

[Osmanova] How is the State Committee on Defense Branches of Industry resolving in practice the problems that arise before a state administrative organ under conditions of the transition to a market economy?

[Glukhikh] The defense industry is a specific sphere of the Russian economy. Its specific nature is determined by a number of factors.

In the first place it is the only one that solves problems of providing the Russian Army with modern weapons and military equipment. Consequently, the development of the scientific and technical potential must meet the requirements of the modern army and the tasks ensuing from the basic provisions of the military doctrine.

In the second place, the defense industry is forced to be in a condition of deep conversion. The most serious problem has to do with the effectiveness of the utilization here of the scientific-technical and industrial potential which is being released at defense enterprises with the cutback on military orders. The 1994 budget envisions a reduction of expenditures on the purchase of weapons and military equipment by almost 40 percent as compared to the 1993 level and on military scientific research and development—30 percent. We have included measures for preserving high technologies and the personnel potential of defense scientific research institutes, design bureaus, and plants in the concept of the military policy.

Thus the administration of the defense sector of the economy under the conditions of the not fully formed market with its automatic regulators requires attention both with respect to military production and with respect to conversion. We must not forget that we are speaking about the national property of Russia and it must be used efficiently on the basis of federal priority programs.

The arsenal of means for management of defense branches of industry includes such market mechanisms as the financial-economic, credit, and price policy.

Finally, it must be understood that we cannot do without such instruments as planning and long-range prognostication. Without this it is impossible to develop long-range programs for the development of arms, and without them the industry itself remains "blind." I do not think Russia can allow this, the more so since practically throughout the world at the turn of the 21st

century there will be a change in generations of military equipment. We are expecting the appearance of new weapons, including some that are based on different physical principles.

Proceeding from this, the State Committee on Defense Branches of Industry has drawn up a concept for long-term development of Russia's defense industry potential which is based on an assessment of what will be needed to carry out the tasks formulated in the Russia's military document and how to preserve and in the future provide for aggressive development of the scientific-technical and industrial potential of defense branches of industry. Major reliance has been placed on the creation and application of dual-purpose technologies. In Lyubertsy on the basis of the Soyuz Scientific Production Association, which was recently visited by the president of the Russian Federation, a Federal Center for Dual Technologies of Defense Enterprises is being created.

The State Committee on Defense Branches of Industry, based on the aforementioned concept, has begun to form a program for the development of Russia's defense-industrial potential. It is this program, in our view, that will help to solve a dual problem: providing the army with reliable and advanced weaponry and military equipment and effectively utilizing the scientific-technical potential of defense enterprises for civilian needs.

[Osmanova] Who has participated directly in the development of the draft of this program so far?

[Glukhikh] We are cooperating closely with administrations of the Ministry of Defense that are doing the ordering and we are relying on program developments for structural rearrangement that were done by the Ministry of Economics. Naturally, the experience accumulated by the enterprises themselves during the course of their participation in international exhibits, salons, and conferences was also suitable. We tried to determine the initial requirements for the development of a number of base branches that have been enlisted in the development of the country's defense potential—the chemical and fuel and energy complexes and metallurgy. There are proposals for developing a system for training specialists for defense branches, since this has deteriorated in recent years.

[Osmanova] Are there any chances that the program you mentioned will be realized in the current economic situation?

[Glukhikh] We are disturbed not so much by the question of financing the future program as by its normative-legal and legislative support. The mechanism for implementing the program envisions the enlistment not only of funds from the state budget but also credit and borrowed funds from banks, commercial structures, and the enterprises' own funds.

Throughout the world weapons production is considered profitable and therefore funds invested in military production should produce income. If we enter the world

economic system we must create for ourselves certain conditions to make military orders advantageous, and this should be determined legislatively. Therefore the implementation of the program will require the adoption of more than two dozen legislative acts regulating military production which protect state interests during manufacture, create a system of incentives for the state defense order, etc. Without the adoption of such a primary package of laws, the program for the development of defense-industrial potential will not take place.

[Osmanova] Can you already imagine a mechanism for implementation of the program for the development of the defense-industrial potential?

[Glukhikh] The program is a complex of goals and program assignments that are coordinated in terms of time periods, resources, and people to carry them out. They will be achieved through medium-term programs (five years), annual plans (in the form of defense orders), and also plans for scientific research, investigation, fundamental, and experimental-design work.

The draft "program for the development of the defense-industrial potential for the period up to the year 2000" must be considered by the Security Council of the Russian Federation in conjunction with the corresponding program for the development of weapons and, after its adoption, become a basis for the development of proposals in the main areas of the development of the defense-industrial potential up to the year 2010.

### Changing Share of Defense Order in Defense Industry

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[Article by Prof. Ye. N. Kulichkov, doctor of economic sciences, and Prof. V.D. Kalachapov, doctor of economic sciences: "Analysis of Production-Economic Activities of Enterprises of the Defense Branches of Industry Under the Conditions of the Conversion of Military Production"; the article reached the editor's office on 10 January 1994]

[Text] An analysis has been made of the results and work of enterprises and organizations of defense branches of industry. Data is presented on the change in the share of the military order in the defense complex. Proposals on the crediting of conversion programs are substantiated.

A large-scale reprofiling of the capacities of Russian defense enterprises, scientific production associations, scientific research institutes, and design bureaus has been pursued actively since 1988 in the scope of the conversion of military production. The experience of developed countries shows that it is most expedient to reduce the share of the military order by no more than 3.5 percent a year. But even this gives rise to serious social and economic complications in the society, including the appearance of hundreds of thousands of unemployed persons who have been discharged from

defense enterprises. The annual pace of conversion in our country over the last five years has clearly exceeded not only the indicated level but amounted to 11-13 percent for several years (see table). More than 1.5 million workers have been dismissed from defense branches of industry in the last four years alone.

The average figures for the change in the structure of production in the defense complex of the Russian Federation do not always show the whole picture of the cutback of the production of arms and military equipment. Thus, for 38 percent of the enterprises of the defense complex the share of the military order was less than 20 percent in 1993. And for only 6.8 percent of the enterprises did this share exceed 75 percent of the total volume of commodity output in 1993.

At the same time, for all of the enterprises of Goskomoboronprom [State Committee for the Defense Industry], the production of arms and military equipment declined by 36 percent in 1993 in comparison with 1992, whereas on the average for Goskomoboronprom commodity production fell by only 18 percent in comparable prices.

In some defense enterprises, the share of special-purpose production declined by 2-3 percent. At the same time, in many cases defense output is simply not advantageous to such enterprises under the conditions of the rigid demands on the special acceptance of weapons and military equipment. But without it is sometimes impossible to produce such kinds of hardware as aircraft, ships, submarines, helicopters, etc. In our view, this situation represents an example of the irrationality of reducing defense orders in 1992-93 for individual areas of the production of arms and military equipment in the defense branches of industry.

Eighty percent of the production capacities and scientific-technical potential of the defense complex of the former USSR are concentrated in the Russian Federation. But only some kinds of arms and military equipment can be completely produced only through the efforts of Russian defense enterprises.

According to specialists from the TsNIIIEK and Goskomoboronprom, more than 7,000 product names of the defense complex of the Russian Federation cannot now be produced using capacities of Russian defense enterprises only.

All of this has given rise to the serious problem of "Russification" of production in defense branches of industry of the Russian Federation. The problem has to do with the fact that with the disintegration of the USSR there was a disruption of cooperative ties between Russia and the former union republics, now sovereign and independent countries. In the process, the production of entire groups of defense products, their component parts, and inventory materials remained beyond the borders of the Russian Federation. Thus, for example, more than 60-70 percent of the production of some kinds

of special output for shipbuilding remained in Ukraine and it will take years for Russia to restore this production.

It appears most rational to resolve the problem of "Russification" in the defense complex of the Russian Federation

through the restoration of previously unproduced output in technologically similar production capacities. It is precisely in this way that in 1993-94 Goskomoboronprom has been successfully resolving problems in setting up the production of component parts, assemblies, and inventory materials for special-purpose aircraft, helicopters, vessels, and surface ships.

**Calculated Rates of Change of the Mean Share of the Defense Order in the Total Volume of Production at Enterprises of Defense Branches of Industry, in Percent (Calculations by TsNIIek in comparable prices)**

Year of Conversion of Military Production	For All Defense Branches of Industry of the Russian Federation		For the Aerospace Complex of the Russian Federation	
	Share of the Defense Order	Rate of Reduction of the Share of the Military Order	Share of the Defense Order	Rate of Reduction of the Share of the Military Order
1989	68.4	—	69.2	—
1990	49.7	18.7	62.7	6.5
1991	38.3	11.4	55.0	16.3
1992	25.8	13.3	21.2	23.8
1993 (expected)	20.7	5.1	18.5	2.7
1994 (forecast)	17.0-18.5	2.2-3.3	16.0-17.5	1.0-2.5

An analysis of the existing economic mechanism in the defense complex of the Russian Federation shows that in most cases it is simply not advantageous to develop and produce arms and military equipment. This is especially so considering that as of 1 January 1994 the organizations of the Ministry of Defense of the Russian Federation owed hundreds of billions of rubles [R] to enterprises, scientific research institutes, and design bureaus of Goskomoboronprom for commodity production already received. Because of this, several defense enterprises with a significant share of military orders did not receive any wages for two or three months in 1993. Individual defense enterprises were put on a four-day work week in 1993.

It should be emphasized that as of the beginning of 1994 they had essentially not begun to implement in the established manner and planned volume the Arms Program and also a federal program for the salvage of arms and military equipment.

In 1993, according to specialists from Goskomoboronprom, R35 billion (in the prices of the first quarter of 1993) were needed to carry out the measures for the salvage of arms and military equipment. In 1994, more than R205 billion (in the prices of the fourth quarter of 1993) will be required.

The lack of definiteness in the longer term with respect to the development, production, and utilization of arms and military equipment is generally keeping directors of defense enterprises away from defense themes. Directors of enterprises that have a 2-5 percent share of arms and military equipment are actively demonstrating their clear unwillingness to carry out the military order in the existing economic situation.

In this situation, one must draw the conclusion that many defense enterprises have no economic prospects for increased production of arms and military equipment if the present economic conditions "continue" in 1994 as well.

At the same time, representatives of the leadership of the highest bodies of the national administration of the Russian Federation are stating their intentions to increase significantly exports of Russian weapons in 1994 and to bring back the "traditional" arms markets previously covered by the defense complex of the USSR.<sup>1</sup> It is thereby proposed to achieve an increase in sales of Russian weapons from \$2.5 billion in 1993 to \$9 billion or more in 1994.

In this way, in our view, Russia's recovery of its foreign markets for arms and military equipment through an increase in the production of competitive special products requires a specific change in the system for the state support of the work of the defense branches of industry in 1994. What is meant here is above all a change in the system for the financing, advancing, and crediting of the processes in the creation of new hardware, the active utilization thereby of established nonbudgetary branch funds (including means from own funds of defense enterprises), and also the use of the means of domestic and foreign investors. It thereby appears necessary to have continuous indexing in accordance with the change in the level of inflation in the country for state budgetary resources allocated for the development, creation, and modernization of competitive special-purpose products.

It should be noted that many of the world's developed countries are distinguished by special state support and a "cautious" attitude toward defense enterprises and the scientific and technological potential that they have

accumulated. Thus, for example, the average remuneration of labor at enterprises of the defense complex in France is 15-17 percent higher than in other branches of industry. State agencies pursue a policy under which about 60 percent of the arms and military equipment produced are exported. In so doing, the overwhelming majority of funds received from the sale of weapons goes to scientific research and experimental design work, the development of an experimental base, and the modernization of production.

At state enterprises of the defense complex in France, all workers have the status of civil servants, which gives men reaching the age of 40 the right to a substantial pension.

To compare with the situation with respect to the payment of labor in the branches of the defense complex of the Russian Federation, it can be said that in 1993 these branches had the very lowest wages in Russian industry. Thus, if the average wage of workers in defense branches of industry is taken to be 100 percent, then as of 1 January 1994 wages were 122 percent in light industry, 192 percent in the processing branches of the industrial complex, and 472 percent in electric power and the gas industry. An analysis of the reasons for today's situation with respect to the remuneration of labor in the defense branches does not reveal any significant prospects in this area.

At this time the defense branches of industry have entered into cooperation with many leading Western firms that produce analogous output. Thus, as early as 1992-93, the enterprises of the aviation industry signed mutually advantageous agreements with the firms Boeing (USA), British Aeroline and Pratt Whitney (Great Britain), and Deutsche Aerospace (Germany). The most promising agreement is that between Goskomoboronprom and the Boeing Company on the creation of an aircraft of the future.

As of 1 January 1994, 216 joint ventures had been established with the participation of defense enterprises of Russia, including 27 with U.S. firms and 25 with British firms. In 1993, the volume of foreign economic activity of the defense enterprises of the Russian Federation approached \$130 million. But the further development of this activity in the defense branches of industry presupposes the resolution of two economic problems in 1994-95. The first of them has to do with the fact that the enterprise producing equipment for export does not sell it independently and essentially has no knowledge of the needs of the external market for its output. The second problem involves the fact that although the defense complex of the Russian Federation does sell competitive products (including arms and military equipment) in the foreign market, it puts extremely little foreign exchange into scientific research and experimental design work for the development and modernization of this output.

In 1992-93, the leading defense research institutes and design bureaus had practically no inflow of foreign

exchange for the development of their own experimental base and for the creation of special stands and complexes for the testing of the latest kinds of production. All of this puts into doubt competitiveness and consequently the possibility of a future expansion of the export of output from the defense branches of Russian industry. The resolution of the indicated problem in 1994-95 can be seen in the carrying out by Goskomoboronprom of a special industrial policy that gives top priority to the development of scientific-technical projects in all of the most promising areas of the establishment of special as well as civil production. It appears that such a policy must include a set of tax, price, and financial-credit advantages for developers of competitive equipment in the defense complex of the Russian Federation.

A large-scale privatization process is presently being implemented in the defense branches of industry. As of 1 January 1994, 435 defense enterprises and organizations had been turned into joint-stock companies, including 284 enterprises and organizations with the special permission of the Government of the Russian Federation. In our view, the adoption in 1993 of an edict from the president of the Russian Federation on several special features of privatization in the defense branches of industry makes it possible for Goskomoboronprom to carry out, beginning in 1994, a unified scientific-technical policy with respect to both the production of arms and military equipment and the realization of the tasks of conversion programs at defense enterprises to be converted into joint-stock companies.

In 1994, it is expected that 63 percent of the total number of defense enterprises in the Russian Federation will be privatized. According to the estimates of specialists from the TsNIIEK and Goskomoboronprom, these enterprises are producing more than 50 percent of the volume of commodity output produced by defense branches of industry in 1994. As of the beginning of 1994, they had privatized 27 percent of the enterprises of the aviation industry (74 enterprises, including the Irkutsk Aviation Production Association, the Aviation Scientific-Technical Complex (ANTK) imeni Sukhoy, the ANTK imeni Tupolev, and the Ukhta Helicopter Scientific-Technical Complex imeni Kamov), 20 percent of the enterprises of the shipbuilding industry (42 enterprises, including the Baltic Plant in St. Petersburg), 6.5 percent of the enterprises of the munitions industry (including the Tula Cartridge Plant), 23 percent of the enterprises of the rocket-space branch, etc.

In our view, the further development of privatization in the defense complex requires the establishment of special mutually advantageous economic relations between Goskomoboronprom (carrying out a unified scientific-technical policy in the area of the development of civil and special production) and defense joint-stock enterprises that formally are not under Goskomoboronprom.

According to estimates by specialists from TsNIIEK, the reduction of the total volume of production in the

defense branches of the industry of the Russian Federation in 1992 amounted to 19.5 percent in comparison to analogous indicators for 1991. In 1993, this decline was reduced to 2-3 percent in comparable prices. Thus, one can speak of a certain stabilization of production in the defense complex as a whole and of the possibility of raising the share of production of this complex in the total volume of industrial production in the Russian Federation (this share was 7.7 percent in 1993).

A substantial role in the achievement of a certain stabilization of production was doubtless played by the allocation to Goskomoboronprom of funds from the state budget of the Russian Federation (R159.1 billion in the fourth quarter of 1993 and R300.0 billion in the first quarter of 1994)<sup>2</sup> for conversion programs as well as the granting of preferential special-purpose loans for the production of specific kinds of civil output and consumer goods. At the beginning of the fourth quarter of 1993, unfortunately, many defense enterprises actually received only 40-50 percent of the indicated funds.

At the same time, the Central Bank of Russia held up the granting of credits for conversion programs of the defense complex until the end of 1993. In addition, only 36.1 percent of the credits requested by defense enterprises for the execution of programs for the conversion of military production were allocated in 1993. And the percentage of satisfaction of the credit demand in 1993 was extremely varied in the individual branches of the defense complex of the Russian Federation: 17.9 percent for the aviation industry, 0.2 percent (!) for the rocket-space industry, 78.3 percent for shipbuilding, 8.7 percent for the electronics industry, and 25.2 percent for the radio industry.

In the Law of the Russian Federation "On the Republic Budget of the Russian Federation for 1993," a separate line allocated budgetary resources in the amount of R65.6 billion for the realization in 1993 of the tasks in the "Program for the Development of Civil Aviation Equipment of Russia Through the Year 2000." By the end of 1993, however, many research institutes and experimental design bureaus of the aviation industry received only 55-65 percent of the planned funds. At the same time, inflationary processes diminished their real value quite perceptibly. As a result, some enterprises of the aerospace complex not only were not able to achieve a stabilization of their production by the beginning of 1994 but also could not guarantee the necessary support for the functioning and development of their experimental base.

At the same time, an analysis of the work of the enterprises and organizations of the defense complex of the Russian Federation shows that many of them found the necessary investors in 1993-94, which actually allowed them to stabilize their production (above all the production of civil aviation), to maintain teams of highly qualified specialists, and to provide for a minimum development of their social infrastructure.

A further increase in civil production in defense branches of industry is being accomplished in the scope of 13 federal conversion programs and more than 1,000 programs for the conversion of production at specific defense enterprises (570 of these programs are carried over from 1993 and are subject to specific priority preferential crediting).

#### Footnotes

1. ROSSIYSKAYA GAZETA, 4 December 1993, p 4 ("A Look from the Side").
2. Edict No 2234 of the president of the Russian Federation from 21 December 1993 "On the Specification of the Indicators of the Republic Budget of the Russian Federation for the Fourth Quarter of 1993." (ROSSIYSKAYA GAZETA, 29 December 1993, p 6).

#### Survey Examination of Status of 158 Defense Plants

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27 Aug 94 p 5

[Article by Center for Economic Conditions under the Russian Federation Government, under rubric "The Economy": "Defense Enterprises and Their 1994 Prospects"]

[Text] The Center for Economic Conditions under the Russian Federation Government surveyed 158 enterprises of defense sectors of industry during May-July 1994.

The survey goal was to study the situation which has formed in the country's defense complex, learn the opinions of heads of defense enterprises about their enterprises' economic situation, development paths and expected changes, and identify the main reasons influencing enterprises' financial and economic situation.

An analysis of survey results showed a worsening of results of production and economic activity in the majority of enterprises in 1993. A worsening of the financial and economic situation occurred at 79 percent of enterprises. The manufacture of military products decreased at 80 percent and of civilian products at 53 percent of enterprises. Stocks of finished civilian products grew at 59 percent of enterprises. The product export volume dropped for the majority of enterprises.

The level of use of production capacities dropped sharply in the first quarter of 1994 in a significant number of enterprises surveyed. Almost two-thirds of enterprises were operating under an abbreviated schedule or were on the verge of shutting down. Only every tenth enterprise considers its financial and economic situation good or satisfactory. The others assess it as bad or on the verge of bankruptcy.

The assessments of enterprise heads regarding prospects for production activity in 1994 are more optimistic. At the same time, three-fourths of enterprises expect a worsening of the financial and economic situation.

In the leaders' opinion, the main reasons for this worsening lie above all in the sphere of financial relations among the main economic partners (enterprise-enterprise, enterprise-banks, enterprise-state). These reasons are the client's (including the state's) inability to pay, high interest rate on credit, imperfection of the taxation system and unsatisfactory functioning of the banking system.

At the same time, among the main reasons affecting a worsening of the financial and economic situation, "a reduction in military orders" is mentioned almost five times less than the reasons enumerated above.

In the Center's opinion, a worsening of enterprises' financial and economic situation also is dictated to a certain extent by the fact that defense enterprises do not take conditions of a market economy into account fully enough and do not give proper attention to marketing. In a number of cases, civilian products are being manufactured with no consideration for the demand for them. Thus, one-third of defense enterprises intend to increase the manufacture of civilian products in 1994, while only eight percent of enterprises expect an increased demand for them.

A tendency has been seen for military production to be concentrated in a relatively small number of large, specialized enterprises, with its simultaneous decrease in the majority of others. Thus, with the continuing decrease in military production, only one percent of enterprises surveyed showed a growth in it in 1992, eight percent in 1993, and 11 percent of enterprises expect a growth in military production in 1994.

The majority of enterprises surveyed are being given state support—preferential credits are being received by 84 percent. But the effectiveness of their use is declining because of the lengthy time periods it takes them to go through. Thus, almost half of the enterprises surveyed indicated that over six months go by from the moment the decision is made to allocate preferential credit until the enterprise receives funds.

The survey showed a rather wide application in the manufacture of civilian products of the know-how and technologies being used in military production (every other enterprise).

Despite the difficult situation in which defense complex enterprises find themselves, they are preserving a high production-technological potential. Of the 158 enterprises surveyed, two-thirds are exporting their products and every third enterprise is exporting both military as well as civilian products.

In 1993 the process of a reduction in the number of workers went on more intensively in the complex than for industry as a whole. The survey showed that around 80 percent of defense enterprises intend to reduce the number of persons employed in the current year and only 3 percent expect an increase.

The specifics of defense enterprises are that their development prospects largely are determined by the presence and scale of the state defense order. Because no long-range program for production of arms and military equipment is communicated to each enterprise, they are in no position to determine their immediate and more distant development prospects. It is evidently for this reason that 18 enterprises surveyed, or every ninth one, generally believe it advisable to curtail military production.

At the same time, a large number of leaders see their enterprises' further development to lie in their reorganization by establishing joint ventures with the involvement of foreign partners, forming financial-industrial groups, privatizing, and engaging in joint-stock activities [faktsionirovaniye].

#### Characteristics of Enterprises Surveyed

Heads of enterprises of all economic areas of Russia and sectors of the defense complex took part in the survey. The growth in the number of joint-stock enterprises draws attention. While there were 17 percent among those surveyed in the previous survey, now there are 41 percent. More detailed characteristics of surveyed enterprises are given in the following table:

	Number of Enterprises Surveyed	Proportion of Total Number of Enterprises Surveyed
<b>I. Total</b>	158	100
including by organizational-legal status:		
state enterprises	94	59
joint-stock enterprises	64	41
<b>II. By economic areas</b>		
Northern	3	2
Northwestern	19	12
Central	49	31
Volgo-Vyatskoye	12	7
Central-Chernozem	8	5
Povolzhye	17	11

(Continued)	Number of Enterprises Surveyed	Proportion of Total Number of Enterprises Surveyed
North Caucasus	9	6
Urais	20	13
West Siberian	15	9
East Siberian	3	2
Far Eastern	3	2
<b>III. By main administrations</b>		
Aviation Industry	28	18
Shipbuilding Industry	24	15
Radio Industry	25	16
Communications Equipment Industry	21	13
Electronics Industry	18	11
Armament Industry	13	8
Ammunition and Special Chemistry	19	12
Rocket-Space Equipment	9	6
Russian Federation Ministry of Atomic Energy	1	1
<b>IV. By number of workers</b>		
Up to 1,000	16	10
1,001-5,000	86	55
5,001-10,000	39	25
Over 10,000	16	10

#### Manufacturing: Demand for Manufactured Products

The manufacture of civilian and military products at defense enterprises in 1994 continues to decline.

At the same time, an analysis of survey results showed that with the rather significant overall decline in manufacture of military products, the number of enterprises at which it is growing is increasing (11 percent of enterprises). The number of enterprises counting on preserving the previous level of military production increased from 7 percent in 1993 to 19 percent in 1994. The number of those planning to curtail the manufacture of military products correspondingly dropped from 80 to 59 percent.

The growth in military production both in 1993 as well as in 1994 is noted basically at large enterprises and superlarge enterprises (over 10,000 persons), where every fourth one expects increased volumes of military production.

According to survey data, the assessment of prospects for development of civilian production will look somewhat more optimistic in 1994 than did the 1993 results. Like last year, one-third of enterprises surveyed expect an

increase in production, but the number of enterprises which expect a reduction in manufacture of civilian products dropped to 44 percent as against 53 percent in 1993.

Only 8 percent of enterprises surveyed (as against 11 percent in 1993) expect an increased demand for their products in the current year, and two-thirds of enterprises surveyed expect it to decrease.

The inadequacy of estimates by defense enterprises, and above all superlarge enterprises, of production growth and of increased product demand draws attention.

Manufacturing civilian products without considering the demand for them naturally leads to a growth in stocks of finished products at warehouses. In the current year there will be no significant improvement at all in the state of affairs in this matter compared with 1993. Three-fourths of enterprises expect increases or an unchanged level in stocks of finished products at warehouses in the current year.

The manufacture of civilian products, the demand for them, and the change in stocks of finished products at enterprise warehouses are characterized by the following data:

	As a Percentage of Respondents							
	1993 Compared With 1992				1994 Compared With 1993 (Estimate)			
	Increase	Same Level	Decrease	No Response	Increase	Same Level	Decrease	No Response
Manufacture of civilian products	36	10	53	1	35	16	44	5
Demand for civilian products	11	18	68	3	8	17	68	7
Stocks of finished civilian products in warehouses	59	22	13	6	44	30	18	8

The most serious situation with stocks of finished products in warehouses is at superlarge enterprises with over 10,000 workers, where 75 percent of the enterprises expect them to increase. These enterprises have significant production volumes and they have the greatest proportion (44 percent) of those counting on increasing the manufacture of civilian products in 1994, with an expected growth of demand for civilian products at 6 percent of enterprises in this group.

No substantial differences at all are seen in the state of affairs involving production and product demand at enterprises with a differing organizational-legal status.

The number of defense enterprises using the know-how and technologies being used in military production in the manufacture of civilian products did not change in 1994 compared with last year. On the whole, around half of enterprises surveyed use these technologies in civilian production, and this proportion is considerably higher among state enterprises (61 percent) than among joint-stock enterprises (43 percent).

The greatest growth in the proportion of enterprises intending to expand the use of defense technologies in the manufacture of civilian products in 1994 is in the armament industry (a growth from 31 percent in 1993 to 46 percent in 1994), and the greatest contraction in use of those technologies is expected in the electronics industry (from 28 to 22 percent respectively).

In comparing the situation of enterprises of different economic regions, one should note the relatively more favorable situation in the Urals. More than half (55 percent) of the enterprises expect an increase in manufacture of civilian products in the current year, and the proportion of enterprises (20 percent) planning to increase the manufacture of military products is one of the most significant ones here.

Among regions, the number of enterprises at which an increase in manufacture of military products is possible in 1994 is considerably higher than the average Russian level in Northwestern Region (26 percent) and Volgo-Vyatskoye Region (17 percent). Thirty seven percent of

Northwestern Region enterprises and 35 percent of Central Region enterprises expect a growth in manufacture of civilian products in the current year, essentially the very same as the average for Russia.

#### Level of Use of Production Capacities; Operating Conditions of Enterprises

The reduction in production volumes at defense enterprises is leading to a significant drop in the level of use of production capacities and a disruption of enterprises' normal operating conditions.

In the first quarter of 1994 around 60 percent of enterprises surveyed had less than a 50 percent level of use of production capacities, and only 4 percent of enterprises were using more than 75 percent of production capacities.

The use of production capacities declined substantially compared with the corresponding period of 1993. Last year only 23 percent of enterprises surveyed had up to a 50 percent level of use of production capacities and 44 percent of enterprises had over 75 percent use.

No distinctions of any kind are noted in the level of use of production capacities among enterprises with differing legal status.

The least use of production capacities is seen at enterprises with up to 1,000 workers, among which 80 percent have less than a 50 percent level of use. Capacities are used most at enterprises with over 10,000 workers.

#### Product Export

In 1994 11 enterprises (7 percent of respondents) expect an increase in the export of military products and 16 (10 percent of respondents) expect an increase in the export of civilian products. Last year 14 enterprises (9 percent) increased the export of military products and 24 (15 percent) the export of civilian products.

In analyzing the differences in export trends of enterprises depending on their size, it is necessary to note the direct dependence over a two-year period of a growth in export of military products on the size of the enterprise.

	As a Percentage of Total Number of Respondents in Each Group	
	Export Growth	
	1993	1994
Enterprises with up to 1,000 persons	0	0
Enterprises with 1,001-5,000 persons	5	5
Enterprises with 5,001-10,000 persons	18	10
Enterprises with more than 10,000 persons	25	19

The noted trend also is characteristic of the export of civilian products in 1993. But in 1994 there was a sharp reduction in the number of enterprises in the group with 5,001-10,000 workers expecting an increase in export of civilian products. The noted trend was preserved for the other groups of enterprises.

What strikes the eye is the pessimism of heads of medium enterprises (up to 1,000 workers) with respect to the possibility of expanding the export of civilian products. As in 1993, all these enterprises not only do not expect an increase in export of their products in 1994, but even expect it to remain at last year's level.

At the same time, almost every third enterprise in the group of superlarge enterprises increased the export of civilian products in 1993, and every fifth one expects an increase in the current year, which is twice the average for surveyed enterprises.

The number of enterprises counting on increasing the export of their military products in 1994 corresponds to a significant extent with the number of enterprises intending to increase the manufacture of such products.

#### Investments

An increase in investments was noted at 17 percent of enterprises surveyed in 1993. The number of such enterprises was halved in 1994. A decrease in investments in 1994 is expected at half of the enterprises surveyed.

A trend toward a reduction in investment activity in 1994 is characteristic of all groups of enterprises.

The fact that lowest investment activity is expected in the group of superlarge enterprises, where not one enterprise expects an increase or maintenance of investments at the 1993 level, draws attention.

The trends noted toward a reduced investment volume in 1994 are characteristic both of state as well as joint-stock enterprises.

Among sectors, electronics industry enterprises pursue a more active investment policy than other sectors. Increased investment volumes are expected in 1994 at 17 percent of sector enterprises. At the same time, according to the survey, the state gives electronics industry enterprises less support compared with other defense sectors. Only three-fourths of sector enterprises

receive preferential credits (the average for the complex is 84 percent of enterprises surveyed).

The overwhelming majority of enterprises showed lengthy periods for obtaining credit from the moment the decision was made for its allocation. This period is less than a month only for 2 percent of enterprises surveyed, 1-3 months for 14 percent, and over 6 months for almost half of the enterprises. As a result, allocated credits are devaluated to a significant extent and their effectiveness is reduced sharply.

Among enterprises surveyed, all superlarge enterprises, over 80 percent of large enterprises (with from 1,000 to 10,000 persons) and less than 60 percent of medium ones enjoy preferential credits. The proportion of state and joint-stock enterprises enjoying preferential credit is identical.

#### Employment

A reduction in numbers of workers occurred in the overwhelming majority of defense complex enterprises (88 percent of those surveyed) in 1993. In 1994 four-fifths of enterprises surveyed expect a reduction in numbers of workers and only 3 percent of enterprises expect an increase. As a rule, these are large and superlarge enterprises of varying organizational-legal status which intend to increase the manufacture and export of military products.

The process of a reduction in number of workers is proceeding at all enterprises to an equal extent regardless of size. The proportion of enterprises which expect a reduction in the number of workers in 1994 is identical in all groups—around 80 percent.

This reduction is expected at joint-stock enterprises and state enterprises to an equal extent—at 80 percent of those surveyed.

The greatest number of enterprises intending to reduce the number of persons employed is noted in the electronics industry (94 percent) and aviation industry (86 percent). The communications equipment industry (71 percent) and armament industry (69 percent) are more reserved in estimating a further reduction.

With respect to regions, a reduction is planned to a greater extent in enterprises of the Central and Central-Chernozem areas and areas east of the Urals.

**Financial and Economic Situation**

The overwhelming majority, 79 percent, of enterprises which took part in the survey note a worsening of the financial and economic situation in 1993 compared with 1992; an improvement was registered only in 6 percent and the level was unchanged in 10 percent of responses (5 percent of respondents did not answer this question).

Among all enterprises surveyed, only 9 percent regarded their financial and economic situation as good or satisfactory in the current year at the moment the questionnaire was filled out. The overwhelming majority, two-thirds of the enterprises, regard their financial and economic situation as bad and 25 percent believe they are on the verge of bankruptcy. Joint-stock enterprises assess their situation somewhat better, where the financial and economic situation was good or satisfactory for 11 percent of enterprises as against 7 percent for state enterprises.

In 1994 only 4 percent of enterprises surveyed expect an improvement in their financial and economic situation, 12 percent count on it stabilizing, and 76 percent expect a further worsening.

An improvement in their financial and economic situation in 1994 is expected by 6 percent of state enterprises and 2

percent of joint-stock enterprises. Both state and joint-stock enterprises expect a worsening of their situation essentially to an equal extent, 76-77 percent each.

Medium enterprises (with up to 1,000 workers) assess their financial and economic situation most pessimistically. Not one regards its situation as good or satisfactory. Around 90 percent of these enterprises expect a further worsening of their financial and economic situation in 1994. This largely is connected with the fact that this group of conversion enterprises enjoys state support to the least extent (one-third of these enterprises have no such support at all).

Enterprises with 1,001-5,000 workers and superlarge enterprises assess their financial and economic situation somewhat better. Almost 20 percent of superlarge enterprises regard their situation as satisfactory. At the same time, the proportion of those which consider themselves on the verge of bankruptcy, 31 percent, is high here.

The assessment of their financial and economic situation by enterprises of the defense complex will appear as follows in the cross-section of sectors:

	As a Percentage of Respondents for Each Sector <sup>a</sup>		
	Good and Satisfactory	Bad	On Verge of Bankruptcy
Aviation industry	11	64	25
Shipbuilding industry	16	70	14
Radio industry	12	64	24
Communications equipment industry	4	66	30
Electronics industry	6	61	28
Armament industry	8	69	23
Ammunition and special chemistry industry	10	47	43
Rocket-space equipment industry	0	89	11

<sup>a</sup>The sum of responses is not always equal to the total for the sector, since some enterprises did not respond to the question.

Enterprises of the electronics industry and communications equipment industry are in the most serious financial and economic situation.

Enterprises of the Central-Chernozem and Northern economic areas as well as areas east of the Urals, where all enterprises regard their situation as bad or on the verge of bankruptcy, assess their financial and economic situation extremely negatively. The Urals Region can be regarded as most favorable; here the proportion of enterprises (25 percent) which regard their financial and economic situation as good or satisfactory is the most sizeable.

It must be noted that enterprises of the Urals Region as a whole gave more optimistic assessments than other regions. The greatest number of enterprises of this region (15 percent) expect an improvement in their financial and economic situation in 1994. More than half of the enterprises (55 percent) expect an increase in manufacture of civilian products in the current year, and the proportion of enterprises (20 percent) which plan to increase the manufacture of military products also is more sizeable here.

As already noted, the main reasons affecting a worsening of enterprises' financial and economic situation are found above all in the sphere of financial relations, which is apparent from the following table:

**Main Reasons Affecting a Worsening of Enterprises' Financial-Economic Situation****Number of response variants: 874**

	<b>As a Percentage of Total Number of Response Variants</b>
1. Reduction in military orders (conversion of production)	12
2. Reduced demand for civilian products	11
3. Inability of client (customer) to pay	17
4. High interest rate on credit	15
5. Unsatisfactory functioning of banking system	8
6. Imperfection of taxation system	15
7. Instability of normative-legislative base	8
8. Monopolism of suppliers of raw materials, basic supplies and accessory parts	9
9. Other reasons	5

It is important to note that differences in enterprises' organizational-legal status, number of persons employed, and regional or sectoral affiliation did not substantially affect their assessment of reasons affecting a worsening of their financial and economic situation.

It was probably only in an assessment of the influence of reduced product demand that noticeable differences were identified for enterprises of the electronics industry (15 percent of responses) and rocket-space equipment industry (7 percent of responses), with an average of 11 percent for surveyed enterprises.

The effect of a factor such as reduced military orders on the financial and economic situation of enterprises dropped in comparison with the last survey—12 percent of responses as against 17 percent in 1993.

Heads of enterprises named the following in particular among other reasons affecting a worsening of the financial and economic situation not stated in the questionnaire:

- "inflation nullifying results of enterprises' economic activity";
- "nonfulfillment of the Russian Federation Presidential Edict on paying an advance on the State Defense

Order, and its late payment";

- "nonallocation of funds for maintenance of mobilization capacities";
- "reduction in markets due to separation of former Union republics, and absence of a stable system for mutual settlements among CIS members";
- "taxation system written so that even directors of state enterprises are thinking how to cheat the state";
- "significant costs for upkeep of the social infrastructure";
- "uncertainty as to irreversibility of the course chosen by the country's leadership and on this basis the impossibility of forecasting the situation in the economy even for the near term".

**Enterprise Development Paths**

The survey showed that in that difficult economic situation in which the defense industry finds itself, leaders have no unequivocal answer to the question of development paths of their enterprises. There were 416 variants of responses to this question received from 158 enterprises, or an average of 2-3 per enterprise. The distribution of responses as a percentage of the total number of response variants is presented in the following table:

	<b>For all Enterprises Surveyed</b>	<b>Including</b>	
		<b>State Enterprises</b>	<b>Joint-Stock Enterprises</b>
1. Expanding military production, including through export	13	15	11
2. Maintaining military production volumes at existing level and expanding the manufacture of civilian products	26	27	25
3. Curtailing military production and expanding civilian production	4	5	3
4. Reorganizing the enterprise:			
a. Privatizing it and engaging in joint-stock activities	12	11	12
b. Dividing enterprise into a number of independent enterprises	6	4	9
c. Integrating with other enterprises	7	5	9
d. Establishing joint ventures with involvement of foreign partners	14	13	16
e. Forming financial-industrial groups	14	15	13
5. Other paths	4	5	2

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Among responses concerning a change in the production structure, enterprises give preference to expanding civilian production and keeping military production at the existing level. There were twice as many such responses than "expansion of military production."

Among sectors, the greatest proportion of enterprises counting on an expansion of military production are in the armament and rocket-space equipment industries, and the fewest are in the shipbuilding, communications equipment and electronics industries.

Meanwhile, a clear preference for expanding military production can be traced depending on the number of workers at the enterprise, as is apparent from the following table:

Number of Workers at Enterprise	Proportion of Enterprises Planning an Expansion of Military Production as a Percentage of the Number of Respondents in Each Group
Enterprises with number of workers:	
Up to 1,000	19
1,001-5,000	29
5,001-10,000	38
Over 10,000	56

Among possible directions for reorganizing enterprises, the most noticeable preference is given to setting up joint ventures with the involvement of foreign partners, forming financial-industrial groups, and also privatizing enterprises and engaging in joint-stock activities. It must be noted that many joint-stock enterprises believe that the process of joint-stock activity is not over for them, having in mind the subsequent redemption of a controlling block of shares from the state.

No strictly regional specifics of any kind managed to be discovered in an analysis of responses from enterprises assessing the direction of their own development. The spread of opinions is determined in this case not by a territorial location of enterprises, but by the differing sectoral set of enterprises located on each territory and their size.

Some leaders suggested other paths of development for their enterprises in addition to those set forth in the questionnaire. The range of suggestions was rather broad. For example, a number of leaders believe government support of commodity producers is necessary by allocating interest-free and preferential credits, keeping enterprises on full budget financing, introducing state planned management of the economy for the crisis period, and exercising rigid price control.

The proposals of those leaders who rely basically on their own efforts in seeking ways out of the crisis merit greatest attention. In their opinion, the Government and Ministry of Defense have to settle on a specific nomenclature of the defense order for a lengthy period. Then

the extent to which enterprises will be taken up with military products will be clear to them and they will be able to determine their development path clearly. There are interesting suggestions about enterprises setting up their own distribution network or a high-capacity sales company together with other enterprises, mastering new technologies and new kinds of products, setting up holding companies, and providing temporary tax exemptions on civilian products being newly mastered.

### Production Halts at Degtyarev

94UM0581A Moscow KRASNAYA ZVEZDA in Russian  
27 Aug 94 p 3

[Article by Vladimir Mokhov, trade union committee chairman of the Plant imeni V.A. Degtyarev Joint-Stock Company: "Kovrov May Become a City of Unemployed"]

[Text] I am turning to the newspaper because I want us to be heard by all those on whom the fate of production, the fate of our plant, and not only ours, and the fate of the city of Kovrov depend. Here there are a large number of defense industry enterprises, and if they were to cease to exist, thousands and thousands of human fates will shattered. Who will benefit from this?

Our plant imeni V.A. Degtyarev has virtually shut down. This year we were idle for a whole month in February and for half a month in May; last year people were sent home on a forced leave for all of August. The situation is similar for neighboring plants—at electro-mechanical and mechanical plants. And those enterprises that are not associated with the defense sector are not feeling any better—an excavator plant has shut down, and the Textile Factory imeni Abelman is idle.

Yes, one could have set out for agriculture, but there are just as many problems there. Livestock production in the areas near the city is being cut back. There is no feed, and equipment is too expensive, so they have to slaughter the animals. And this process is like a landslide.

We still have held out somehow and were optimistic. We understand what kind of products we manufacture. We also understand that the military budget has been cut this year higher than all limits. We endured it, although the Ministry of Defense debt constantly exceeded 30 billion rubles. And suddenly came a blow that was like a knife in the back.

Recently, a telephone message came from the Ministry of Defense. It informed us unilaterally that the GRAU [Main Missile and Artillery Directorate], the Main Staff of the Air Force, and seamen were completely rejecting a military order at our enterprise. And this is eight months after the start of the year. Now what are we to do with all that has been started? How do we sell the already manufactured products? What are we supposed to do, adopt the experience of those enterprises that give their

workers products of labor instead of money? Thus, we would have to distribute machineguns to them, and they would sell them on the market, thereby ensuring their existence. Of course, we will not permit this, but people must have something to live on. Highly skilled specialists who have devoted their entire life to the defense industry are going hungry. There are families whose food ration already includes...mixed feed. Like during the war.

We are able to make more than just weapons. We have organized the production of engine blocks, which are very much needed by farmers, the popular *Voskhod* motorcycles, an original design of the *Fermer* three-wheel motorcycles, and four-wheelers. The plant is capable of producing a broad assortment of medical equipment and dairy plant equipment. But again, money is needed to do this. And the Ministry of Defense is six months to a year in arrears to us—on what we have earned. Add to this the backbreaking taxes and the enslaving credits of commercial banks. We have nothing with which to pay wages to the people, and we are forced to curtail production. What kind of conversion is this...

A joint conference of production workers was held in the city recently, and a strike committee was elected. The decision has been made: the entire city is to conduct a strike in late September-early October. Our demands are simple—stable work, normal and timely wages for work performed, and a decrease in the enslaving taxes. Of course, this is a gesture of despair, not a solution to the situation. But where is it, this solution?

#### Federal Center for Dual Use Technology Created

94UM0581B Moscow KRASNAYA ZVEZDA  
in Russian 27 Aug 94 p 3

[Article by the Press Service of the State Committee for the Defense Industry: "The First Task Is To Protect Base Technologies"]

[Text] The Federal Center for Dual Use Technologies of Defense Enterprises will begin to be created in the near future in Lyubertsy based on the "Soyuz" Scientific Production Association [NPO]. The draft of the corresponding decree has already been prepared by experts of the Russian Federation State Committee for the Defense Industry and by specialists of the Center of Presidential Programs of the Administration of the Russian Federation President.

Creation of the center is merely the first step on one of the main directions of Russia's industrial policy today—protection of base technologies and broad use of so-called dual use technologies in the production of civilian products by defense sectors of industry.

#### Naval Shipyard in Murmansk To Go on Strike 26 Sep

LD0909194894

[Editorial Report] Moscow Radio Rossii Network in Russian at 1800 GMT on 9 September carries an 80-second report by correspondent Yuriy Arkhipov on the

Sevmorput Naval shipyard in Murmansk which is to go on strike on 26 September over a financial dispute with the Ministry of Defense.

For two years the yard has been bombarding the Defense Ministry with warnings about its money problems and requests for action, but to no effect. "So an assembly of the Sevmorput workforce unanimously decided to continue the labor dispute by declaring preparation for an indefinite strike," Arkhipov said. Among the demands are payment in full of all bills for work carried out at the yard, payment of the past three months' wages, and lifting of fines for violations that were caused by lack of finance.

"The strike committee set a date for the walkout—26 September. Until then, all work needed to maintain the yard will be carried out, and the strike will be called off only if all the naval shipyard workers' demands are met in full," Arkhipov reported.

#### Zarubin on Research Into Military Applications of Lasers

94UM0581C Moscow KRASNAYA ZVEZDA  
in Russian 27 Aug 94 p 6

[Interview with Professor Petr Vasilyevich Zarubin, adviser to the Astrofizika Scientific Production Association, by Anatoliy Dokuchayev, KRASNAYA ZVEZDA correspondent: "Metamorphosis of the Death Ray: About Laser Weapons for the First Time"]

[Text] In the early 1960s, newspapers and popular magazines were full of reports about the new "miracle" of physicists—the optical quantum generator or "laser." Dozens of scientific institutes and laboratories were racing against one another to create all new types and models of lasers. Already in 1961, there were conversations and fragmentary reports in the press about the impending creation of a new type of weapon—laser weapons, weapons whose capabilities writers presented as being almost unlimited. The Soviet press was silent about laser weapons, but even the loquacious foreign magazines and newspapers, in reporting about work being conducted on laser weapons, primarily in the United States, wrote in general terms, although they did mention the existence of plans to create laser weapons. The true facts were hidden by deep secrecy. The USSR defense complex was working intensely, but preferred to keep quiet.

What then was actually taking place in the laboratories of physicists and defense design bureaus?

I posed this question to Professor Petr Zarubin, presently an adviser at the "Astrofizika" Scientific Production Association [NPO] and former chief of the Main Directorate of the Ministry of the Defense Industry, who for 30 years was involved in organizing work to create laser technology in the USSR, including laser weapons.

[Zarubin] Discoveries in science have always and everywhere been used for breakthroughs in creating new

models of weapons. This was also the case in the field of laser technology. In the early 1960s, the United States, and later the USSR, created the first optical quantum generators—lasers, as we now call them. Immediately, in addition to the purely scientific interest in creating sources of high-intensity, pencil-beam optical radiation and searching for new areas of their application, efforts were made to use lasers for military purposes. The Ministry of Defense demonstrated the highest interest.

[Dokuchayev] So, the military came and said, we need a laser?

[Zarubin] No, it was actually just the opposite. Scientists came to the government and the military first and said: there is a new direction in science and technology—laser, which makes it possible to create light sources of such high intensity that under certain conditions they can have a casualty and damage effect on objects. With a laser beam it will be possible not only to determine precisely and instantly the distance to the target and control missiles and projectiles, but also to destroy and disable missiles, aircraft, and other military equipment. A laser beam reaches the target almost instantly. This is a "bundle" of energy radiating at the speed of light. We are taking it upon ourselves to create such lasers, and you, comrades in the military, will support us, and this means give us money for research and development, give us the opportunity to recruit people into the laboratories, and so forth. Roughly the same thing was taking place in the United States and other leading western powers.

Mentally perceptive people were found among the military, those who appreciated the potential of lasers and supported the development of laser research in order to use the results obtained for military purposes in the future. These included General Roman Pokrovskiy, General Georgiy Baydukov, and Marshal Pavel Kuleshov—heads of directorates in the Ministry of Defense. I would note that contrary to existing beliefs, laser weapons are not weapons of mass destruction. The narrow laser beam is a weapon strictly for destroying point targets. And the energy of the beam of even the most powerful of existing lasers does not exceed the energy of the explosion of a small-caliber shell. By the way, laser weapons are not limited by any international agreements.

[Dokuchayev] So, the widely stated fact that "the laser will appear and, if necessary, everything will burn up and be destroyed" is not entirely true?

[Zarubin] Not at all. The laser is not an all-powerful, magic wand. What is more, to achieve a "strong" beam, it is necessary to create lasers that are huge in size, enormous in cost, complex, expensive, and vulnerable.

The first laser in our country was created in 1961. In 1962, I think, we began studying the use of lasers for military purposes. Then a governmental decree came out—it was aimed at creating lasers as such. This research objectively helped create the first experimental

lasers in the interests of the military. By the way, a military laser differs from a non-military laser only by the fact that it must meet additional, purely engineering requirements: it must withstand temperature drops and shaking, have the smallest possible dimensions and weight, high reliability, and so forth.

The first work aimed directly at creating laser weapons began in our country in 1964-1965. By that time, special governmental decrees had already appeared. They talked about experimental military equipment. At the same time, the United States had begun implementing a classified program for creating laser weapons under the code name "Eighth Card."

Pioneers of scientific research on lasers in our country were scientists of the Physics Institute of the Academy of Sciences under the direction of A.M. Prokhorov and N.G. Basov. They were soon joined by scientific collectives from the Moscow State University, where work was headed by R.V. Khokhlov, the State Optics Institute, and many other institutes and laboratories. Many scientific and production collectives working in the defense sector were interested in lasers. Among them were the "Vympel" Experimental Design Bureau [OKB], which was involved in antiballistic-missile [ABM] defense—general designer Grigoriy Kisunko. A little later, the "Strela" Special Design Bureau [SKB] (today the "Almaz" NPO) became involved in lasers—at that time headed by Andrey Raspletin. This firm tried to use lasers in the field of air defense. Among those who undertook efforts to create lasers and use them for the Ground Forces was the well-known designer and scientist Aleksandr Nudelman. In subsequent years, designers of naval, aviation, and space technology became interested in achievements in the field of lasers...

[Dokuchayev] Who achieved the greatest effect in creating laser weapons, which firm? I know the laser installed at the Sary-Shagan Test Range caused a lot of noise in the world. There are still rumors to this day that it shot down spaceships and satellites. The Americans were terribly concerned about the laser, and they sought to visit it in July 1989...

[Zarubin] It hardly makes sense to talk about whose "greatest" achievements. It is difficult to compare laser systems that have different purposes. It is not always the "biggest" laser that is the most effective. Creation of the Sary-Shagan laser was initiated in the "Vympel" OKB under the scientific direction of N.G. Basov's group from the Physics Institute of the Academy of Sciences. The goal was to study the possibility of using lasers for ABM defense. In the late 1960s, a scientific experimental complex, given the code "Terra-3," began to be created at Sary-Shagan. It must be said that no matter what is stated in the foreign press, the Sary-Shagan laser was experimental and intended for experiments and research. Really, the complex, which also included the LE-1 high-precision experimental laser radar, began to be created in 1969. By the way, the complex was quickly

pinpointed by American satellites—in the mid-1970s and later, the Americans published in various publications drawings of the laser at Sary-Shagan based on space photographs.

[Dokuchayev] What was the result of the testing of "Terra-3"?

[Zarubin] When the "Terra-3" project began to be implemented, scientists did not yet have a complete idea about lasers, the effect of their radiation on the target, a solution to the problem of guiding laser beams to the target—and this task was no easier than creating the laser itself. By the way, that part of the Sary-Shagan laser that was shown to the Americans in 1989 was designed to guide the laser to the target.

The laser was not commissioned, did not operate at full strength, and did not carry out any combat missions. It was used only to study guidance of a low-power laser beam to aerospace targets and processes of laser beam propagation in the atmosphere. In articles by some American authors, it is asserted that there is debris from warhead sections scattered around the Sary-Shagan laser. This is a false report. Of course, iron is scattered about, but this is debris from construction equipment and structures abandoned by military construction workers, and should not be mistaken for destroyed parts of combat missiles. The Americans used these reports, above all, to frighten their own Congress in order to increase support for the SDI [Strategic Defense Initiative] Program.

Certainly, tests and firings at specific targets were conducted on the ground. A target was taken, a missile, for example, placed immobile on the ground, and its warhead section fired at. In this way they learned what kind of energy and what kind of beam were needed to destroy the target. These experiments showed: the parameters of a laser beam capable of destroying the warhead section of missiles could not be realized at the Sary-Shagan "Terra-3" complex.

Today the complex is deserted and rusting, the unique optics are deteriorating, and the electronics are obsolete—Kazakhstan is unable to keep up the installation.

[Dokuchayev] What about the reports in the foreign press that the laser system operated against the Challenger in October 1984?

[Zarubin] No one ever planned to shoot down or "blind" the Challenger. In addition to radar, we have conducted work on laser radar (it has been partially made public today). We have sought to use the capabilities of laser technology to obtain high-precision and high-quality information about space objects. The experimental LE-1 laser radar was created at the Sary-Shagan Test Range, as I already noted. It was used in the "Terra-3" project only for precise determination of target coordinates. Its capabilities made it possible not only to determine the distance to the target but also to

obtain precise characteristics on its trajectory, the shape of the object, and its size—non-coordinate information, so to speak. The LE-1 was used to observe space objects. But the laser radar operated only as a passive optical measuring device against manned objects, including our space stations and the Challenger. That is to say, its lasers were not turned on. It was believed, first of all, that laser radar could pose a small danger to the eyes of a person aboard a spacecraft; secondly, they were afraid of an unneeded political noise.

[Dokuchayev] It is difficult to shoot down a target from the earth, but it was possible to try to put a laser into space and hit a target there from short range.

[Zarubin] High-energy lasers themselves (tested in different variants) are several dozen meters long and weigh tens and hundreds of tonnes (counting the necessary auxiliary systems). These units would have to be powered from special power sources, compact but complex and expendable, in particular, those using an explosive or a chemical fuel as a primary energy source. Complex optical guidance systems are several meters in diameter. The Americans tried to make a space laser based on a chemical laser, spent billions of dollars, and were unable to get as far as a space experiment. In my view, this is an attempt with worthless funds. I am convinced that we do not need to do this.

[Dokuchayev] Why is that?

[Zarubin] Lasers today do not solve the problems of effective destruction of a large number of space targets such as ballistic missile warhead sections. Nuclear powers can at one time launch hundreds of ballistic missiles equipped with thousands of warheads. That means it is necessary to put hundreds of lasers in space. In addition, it is necessary to create an effective, invulnerable reconnaissance-information system, a long-range missile-detection system, and many, many other things. That is, it will be necessary to place a bulky and expensive space defense system on hundreds of satellites. Not only the U.S. economy but also the economy of the entire world would overheat from this.

[Dokuchayev] Here is a question about "Terra-3". Many believe it was not implemented because Nikolay Ustinov (son of Marshal Dmitriy Ustinov, Central Committee Politburo member), who was not a great expert, was in charge of it? In other words, because there was no state approach?

[Zarubin] It is hard to agree with this. Scientific and technical supervision of the work on laser weapons as a whole and on "Terra-3" in particular was accomplished by prominent and talented scientists (for example, I will name the names of A.M. Prokhorov, N.G. Basov, Yu.B. Khariton, Ye.P. Velikhov). They were backed by large collectives that had demonstrated in deed their highest capabilities. Hundreds of the country's specialized defense enterprises were involved in engineering and

production tasks. Work was carefully coordinated and monitored by the leadership of the country's military-industrial complex. There was a state approach in creating laser technology.

The ministers of defense were aware of the work being conducted. For example, Marshal Andrey Grechko visited the Sary-Shagan installation in 1973. All the most prominent leaders of the country's military-industrial complex visited the laser facilities. This work was overseen by Dmitriy Ustinov, who was in various state and party posts. He was an enthusiast of creating laser weapons, and his support of scientists was weighty. And the version that he started all this for the sake of his own son is totally unfounded. Ustinov was above this sort of thing. I will say that Dmitriy Fedorovich [Ustinov] hesitated for a long time over whether to appoint his son or not.

In my view, the appointment of Nikolay Ustinov as chief designer of the experimental laser complex objectively helped advance the work and development of the project's material base. Later on, he did not play a leading role in the scientific work directly; the brain of the project at the beginning of it was the chief of the "Vympel" subdivision Oleg Ushakov, then Viktor Orlov... Nikolay Ustinov, who did not stand out for his creative capabilities, understood the need to involve the most prominent specialists and did not interfere with them.

The main physics ideas and approaches were introduced by the brilliant physicists from the Physics Institute of the Academy of Sciences, the VNIIIEF [All-Union Scientific Research Institute for Power Engineering and Physics], GOI [State Institute of Optics], and other leading scientific centers. When the firm was created, they began to assemble intelligent scientists and engineers in it. The deputy chairman of the Council of Ministers and chairman of the Military-Industrial Commission, Leonid Smirnov, actively supported the creation of laser weapons. The name of Sergey Zverev, the minister of the defense industry, must also be listed among the enthusiasts of the creation of lasers. Prominent figures from the military-industrial complex such as the minister of the radio industry, Valeriy Kalmykov, and Petr Pleshakov also participated in this matter.

[Dokuchayev] Were lasers created for use in the Ground Forces, aviation, and the Navy?

[Zarubin] If you are talking about the creation of a "power laser weapon" (i.e., a weapon for destroying structures of military equipment objects), as far as I know, no one was successful, including the United States. The problem is that the question of "whether or not such a laser can be created that can shoot down an aircraft, for example, with a laser beam" is by far not the main question. I am deeply convinced that it can be done. But will such a laser be sufficiently compact, mobile, invulnerable, reliable in operation, and inexpensive enough to meet the requirements which any military

equipment imposes? At today's level of science and technology, my answer would be negative. One may ask, why shoot down a helicopter with a laser when it can be done by a most ordinary missile, even from a portable system? A laser can be created to destroy several models of equipment, but it cannot be taken out to the battlefield, if only because it weighs hundreds of tonnes.

Lasers in systems to counter optical-electronic instruments of military equipment are another matter. I am convinced that such systems can be created.

[Dokuchayev] As far as you know, have the Americans conducted a successful firing?

[Zarubin] Yes, in the early 1970s, the Americans reported that they had used a ground-based laser to destroy a small unmanned helicopter-target at short range. But for some reason, the corresponding work was halted after this. With the help of an aircraft laboratory with a laser, they tried to destroy small aviation missiles. This work also was halted. Later on, they also shot down an operational-tactical missile launched over a special trajectory. True, the size of the chemical laser used for this was as big as an average chemical plant. This was done more for Congress to see that there were successes toward implementing the SDI Program and to allot the necessary funds for experiments. We also conducted such experiments—for scientific and, we might as well admit, "propaganda" purposes.

[Dokuchayev] We have an understanding of "power weapons." But how do things stand with the creation of laser weapons: what affects a person's eyes or armament information systems?

[Zarubin] Open any modern reference book on safety techniques and you will see that even relatively low-intensity laser radiation is dangerous for highly sensitive photodetectors and, in particular, for the eyes. Figures on the permissible levels of safety have been published here and abroad. I will note that if even a low-energy laser has a direct hit on a sensitive element, it is capable of creating a level of irradiance exceeding safety requirements.

Therefore, we can assume that if we exceed these levels hundreds or thousands of times over, we are not talking simply about damage to the eyes or photodetector, but about the possibility of its partial or complete blinding.

[Dokuchayev] That means they can be blinded on the battlefield?

[Zarubin] Yes. Such work was extensively conducted in the United States; dozens of projects were implemented. I would be surprised if we did not do such work, too. If the Americans could create it, so could we.

[Dokuchayev] Fine, it is possible to create weapons to destroy eyes and the "electronic eyes" of equipment. But will it be effective? According to the analogy with the effect of "power" weapons, one can say that it is easier to

disable a soldier running on the battlefield with fire from an automatic weapon than to blind him with a laser.

[Zarubin] Of course, it is senseless to fire at soldiers on the battlefield with a laser, and it should not be created for this. The laser can be effective against a specialist driving equipment or performing operator functions, against the person using an optical information system (sight, sighting device, binoculars, and so forth). That means that it is lord and master of the tank, infantry combat vehicle, aircraft, and so forth. To disable the operator is to disable a powerful combat unit.

[Dokuchayev] But is it still not easier and cheaper to disable a tank, say, by using a conventional shell?

[Zarubin] Sometimes it is, sometimes not... Let us say the question often comes up about combat supplies on hand. For example, you are an antitank guided missile operator. As you know, you have several missiles on hand, but more tanks are coming at you. What do you do then? If you use the laser to disable the equipment, you can make hundreds of shots. Is there a difference?

[Dokuchayev] Do you believe that there are prospects for laser weapons? In Russia, too?

[Zarubin] Yes, in Russia, too. So far we have not yet lost all scientific and technical potential.

Research in the field of laser technology in the USSR was financed basically through the military budget. And when conditions of a sharp budget reduction were created, not only applied but also fundamental science suffered. Whereas 7-8 years ago there was a balance between the USSR and the United States in laser research, today it has been disrupted. The United States is also reducing its military budget, and research is also being cut back there, but it is being cut back considerably more here. Russia may lose parity in creating laser technology. This has already happened along some directions.

### Military Industrial Complex Crisis Examined

944F1473A NEZAVISIMAYA GAZETA in Russian  
1 Sep 94 p 4

[Article by Oleg Antonov under "Point of View" rubric: "Military Industrial Complex Dead: About Little-Known Reasons for the Crisis at Enterprises of the Military Industrial Complex"]

[Text] Information about the situation in the military industrial complex mostly comes to the mass media from two sources: from the corps of directors, who are concerned about their position, and from the working class, which is not even receiving its poverty wages in a timely manner. If one listens to the directors, he gets the impression that the military industrial complex is still full of vitality and that it is only necessary for the state to give it some money and then the colossus will get moving again and will produce a wonderful weapon that will be

in great demand in the world. And by selling it, the military industrial complex will quietly undergo conversion and smoothly join the new economic order. As a matter of fact, if one looks at the military industrial complex from within, the situation is not at all as the directors try to present it.

There is no doubt that an objective reason for the collapse of the military industrial complex is the dramatic reduction in the volume of military orders. Nevertheless, besides the impoverished enterprises of the military industrial complex, there are quite a few that are flourishing and adapting quickly to the new conditions. And they were equally deprived of financing by the Ministry of Defense. This circumstance makes one think: What was the deadly reason for the reduced financing? Is there not another reason with a much more devastating effect on the entire military industry? There is such a reason and it involves the actions of the management of most of the distressed enterprises in the purposeful disorganization of the work of these enterprises and the further worsening of the situation into which these enterprises have fallen.

Naturally such an assertion, which seems paradoxical at first glance, requires careful and convincing justification.

First of all let us ask ourselves this question: Who were most of the directors of the military industrial complex? As a rule, those who became directors were representatives of the party economic positions, relatives of high-placed bureaucrats and party functionaries for local and central bodies, secretaries of party committees, and the like. Membership in the CPSU was compulsory. After a certain amount of time, the holding of the position of director of a large defense enterprises automatically led to the director's receiving the highest government awards, to the granting of scientific degrees and various titles, and even to election to the Academy of Sciences. Until 1990, when the flow of orders from the Ministry of Defense significantly exceeded the possibilities of the enterprises to carry them out, the main task of the directors, besides the execution of the orders already "rammed" into the plan of the enterprises, was not to allow the inclusion in the plan of any new orders under any pretexts. This work was done in the offices of the CPSU Central Committee, Council of Ministers, Military-Industrial Commission, Ministry of Defense, and branch defense ministries. They sought to convince the officials in these offices that the enterprise was already overloaded beyond measure. The enterprises thereby actually had significant reserves for the performance of new orders but practically their acceptance did not add even a kopeck to the wages of the employees, whereas it did add worries and responsibility for the management. Under the conditions of the all-around defense against the surge of orders from the Ministry of Defense, there arose a director's mentality, as a result of which most of them had an excellent grasp of the rules and ways to carry on the bureaucratic games and intrigues. Under these circumstances, to be objective, there developed

outstanding individuals among the directors but their interests and habits were quite different from the habits necessary for the organization of production under the conditions now prevailing.

After the sharp decline in the volume of military orders and after the beginning of the transition to a market economy, when it became necessary, in contrast, to seek orders, the overwhelming majority of the directors were quite unprepared for the new management conditions. The previously acquired habits and the accumulated personal capital in the form of the authority of the top management turned out to be quite useless—the CPSU Central Committee, Military Industrial Commission, and branch ministries had disappeared and, after numerous reorganizations, the managing stratum in Roskomvozruzheniye had been almost completely renewed.

Nevertheless, the enterprise managers that had become accustomed to living under the conditions of a constant surplus of state orders continued to put their main emphasis on the receipt of orders from new government structures. To make their pressure on the government more effective, the directors began to join together in various associations of the type "Citizens' Union" and the like. But this path did not lead to success. If the government does not have the former amount of money, then it will not appear no matter how they might unite.

The process of the degradation of the enterprises of the military industrial complex did not proceed very quickly until it became clear that there would be no return to the previous socialistic methods of management—it is necessary on the basis of economic activity of all branches of industry to adhere to the principle of competitiveness of producers, that is, the principle that provided for the highest standard of living of all of the world's developed countries. When the irreversibility of the new economic course chosen by Russia became definite, the directors of the enterprises of the military industrial complex began to rethink their significance in the country's new priorities. From the privileged element of economic managers, they imperceptibly turned into a stratum somehow reminiscent of the ancestral but impoverished nobility. And the directors rushed after the redivision of state property, hoping to grab their share, especially since it was possible to grab a lot.

The worsened material position of the employees of the defense enterprises and the new possibilities to open their own business on the side stimulated the departure of the most active, creative, and qualified part of the work forces from the defense enterprises. It seems that it was Napoleon who said that it is the corporals who win wars. Thus, at the enterprises of the military industrial complex as well, the primary engine of progress was the middle link of scientific-technical personnel. Its high technical and military effectiveness often depended on the successful technical decisions for three or four blocks of output. Such blocks embodied the thinking of a few

inventive and energetic scientists, engineers, and technicians. Precisely this extremely small group gave a uniqueness and high combat effectiveness to domestic models of military hardware.

This part of the work force, made up mostly of young and middle-aged people, has left the enterprises and is applying its inventiveness and energy in other spheres of activity: these people joined commercial structures or opened their own businesses, as a rule far removed from the subject of their former work. Therefore, even if it is conceivable to suppose that through some miracle enough money will be allocated from the treasury for the enterprises of the military industrial complex to create the weapons of the next generation, it is already practically impossible to produce such weapons, because the enterprises no longer have the minimum number of key specialists to assure the fulfillment of government orders. The enterprises have been left with the least active workers, who previously performed auxiliary and uncreative but very important and necessary work.

The directors of the defense enterprises know very well what the true situation is. Nevertheless these directors continue to create the impression that with sufficient financial investment the defense enterprises are capable of producing any sort of military hardware and that by selling this hardware in the world market it will be possible to live very well in comfortable conditions with the money earned and without rushing into conversion. It is necessary to abandon these illusions: it is no longer possible within the lifetime of the present generation to restore the former level of developments of military technology in the previous organizational form. This can be done only if it is possible to raise up a new generation of scientists and engineers who are willing to work, just as the preceding generation, under the conditions of the restrictions of their personal liberty dictated by the regime of secrecy at the enterprises of the military industrial complex. The key specialists who established the present level of domestic military technology have mostly already left the military enterprises and tasted the charm of freedom in their labor and of the corresponding remuneration for their golden brains and hands. They will never return to their former state. It will be possible to involve them in the development of new weapons only on the basis of economic interest and in a new organizational framework.

The beginning of privatization and conversion of the civil enterprises in Russia into joint stock companies, which coincided in time with the worsening of the situation in the military industrial complex, confronted the directors of defense enterprises with the threat of being thrown out of their accustomed places on account of their inability to work under the new market conditions. Indeed, with the conversion of the enterprises into joint stock companies and the election of the leadership of those companies, there was no guarantee that a director incapable of working under market conditions would be elected to the post of chairman of the joint stock company, for which there are now many examples.

At the same time, the directors had become used to considering the enterprises as practically their own property. Objectively speaking, there are certain moral bases for many directors to think this, for it was precisely because of their authority in their former echelons of power, their ability to get things done, and so on that it was possible to obtain the financing for the construction of new buildings and their provision with advanced equipment, etc. With the elimination of the CPSU Central Committee and branch ministries, essentially no body of authority—especially under the constant reorganizations of these bodies—can force the removal of an enterprise director from his position.

The enumerated circumstances and the fear of being left with nothing are encouraging directors to accelerate the transition of the enterprises from their de facto property to their own juridical property. The primary task is thereby to reduce the number of persons claiming a share of this property, that is, to reduce the number of workers at the enterprises. The enterprises have a wonderful pretext for personnel cuts—the reduction of the volume of orders for military equipment. Methods have been worked out and are being utilized to accelerate the process of dismissing employees, namely:

1. The artificial slowing of the rate of growth of wages. For this purpose, contracts with customers raise the norm of overhead expenses, the percent of profit, etc. As a result, a smaller sum remains for employee wages and this does not permit the raising of wages in accordance with an increase in inflation.
2. The artificial delay of the payment of wages in that for a long time money sent by the customer does not reach the employees but is put into circulation by commercial structures established by the management. The profit from commercial operations remains in the pockets of management.

The fact that directors understand the circumstance that the existing situation cannot last long is forcing them to act to increase their personal income. A significant part of enterprise profit and overhead expenses included in the price structure of products ordered by the Ministry of Defense and other customers is converted into hard currency. With this foreign currency, the directors and top administrative echelon of enterprises make many trips abroad, supposedly in search of orders. In the overwhelming majority of cases, nothing comes out of these trips other than protocols of intentions, which nevertheless is an excellent justification for subsequent trips. Huge sums of money are spent for trips and for the receiving of foreign guests in response, money that could be invested in the reequipment of production for the purpose of producing goods that yield income for the enterprises.

Basically two factors contribute to the situation or, more accurately, to the limitlessness:

1. The complete lack of control over the use of the money received from customers. Financial-control

agencies are not admitted to complete control because of the special status of the enterprises of the military industrial complex, which historically has to do with the regime of secrecy.

2. The passivity of labor collectives that for many years were taught by the regime of secrecy not to be interested in the activities of management and also the lack of a legal basis to demand a report from management on its financial actions.

In this way, the current situation at enterprises of the military industrial complex is distinguished by:

- the inability of the overwhelming majority of directors to manage successfully under the conditions of the market economy;
- the lack of adequate centralized financing both with respect to military orders and with respect to the shifting of enterprises of the military industrial complex to the production of conversion output;
- the reduction of the number of key production workers below a critical level, making it impossible to produce new arms at enterprises of the military industrial complex with qualitatively better specifications than existing arms.

The initial experience of directors in the leasing of vacant premises to commercial structures and in the utilization of the received money for their personal interests led the administration of the enterprises of the military industrial complex to the objective necessity of the accelerated transfer of the production premises and equipment of the enterprises to private ownership.

Thus, the picture is a very sad one. The military industrial complex has been bled and, as a result, it is practically dead or at least will be fruitless for the next one or two decades. Individual living centers in the overall body of the military industrial complex do not change that conclusion.

## FOREIGN MILITARY AFFAIRS

### Rumored Contacts Between Russia, Taiwan Noted

94UM0578A Moscow KOMMERSANT-DAILY  
in Russian 27 Aug 94 p 4

[Article by Aleksandr Koretskiy: "Special Care Is Needed in Dealings With the East"]

[Text] Russia has been trying desperately over the past 18 months to restore its former influence on the world arms market. It has frequently offered its arms to nontraditional purchasers here. One of them, according to the reports of Asian news media, could be Taiwan, with which Russia is allegedly attempting to establish military-technical ties. But, if a statement of an authoritative employee of the Russian military department whom ITAR-TASS quotes is to be believed, such assertions do not correspond to reality.

Taiwan is among the top dozen countries that have in the past two or three years been spending from 6 to 15 percent of GNP on arms purchases. Information at the disposal of the Stockholm International Peace Research Institute—SIPRI—permits the assertion that in 1993 this figure constituted \$754 million, whereas China in the same year spent on arms purchases little more than \$800 million. Consequently, Taipei does have the economic possibilities for purchases of military equipment. If, however, it is considered that virtually the entire fleet of Taiwan's aviation equipment (and this means approximately 500 units) consists of second-generation American aircraft (contemporary equipment pertains to the fourth), it cannot be excluded that Taipei is interested in Russian Su's and MiG's. It was from this, by all accounts, that the Japanese SANKEI SHIMBUN and the Hong Kong journal ASIA WEEK proceeded in their claims.

But the stimulation of military-political relations between Russia and China, as also the intention of the latter to spend approximately \$2 billion next year on purchases of military equipment from Russia, make military-technical relations between Taipei and Moscow extremely disadvantageous for the latter. Especially since the Pentagon has shown an interest in the Chinese arms market—William Perry, chief of the military department of the United States, plans a visit to Tienanmen Square this fall. The official purpose of the visit is to offer Beijing assistance in the conversion of "defense."

But a number of experts believe that Perry will, in fact, attempt to bite off a decent piece of the Chinese military pie. In this connection some military contacts with Taipei (even if only preliminary negotiations have been conducted) are totally ruled out for Moscow, otherwise relations with Beijing would be damaged beyond repair—it is sufficient to recall how stormily the PRC reacts to any Taipei deal involving the purchase of Western arms.

In this connection the statement of an employee of the Ministry of Defense quoted by ITAR-TASS could be a subtle diplomatic move designed to reassure China and to show that Russia, in the shape of its military department at least, has no intention of complicating partner relations in any way. At the same time, on the other hand, it is incomprehensible why the Russian Ministry of Defense did not make the official statement but preferred to confine itself to an anonymous leak.

## SECURITY SERVICES

### Border Service Conference Calls for Civilian Volunteers

944F1471A Moskow NEZAVISIMAYA GAZETA  
in Russian 1 Sep 94 p 1

[Article by Nikolay Plotnikov under "Border" rubric: "They Are Calling for the Populace To Help the Border Troops: Border Troops Suggest That They Remember the Experience of the 1930's and 1940's"]

[Text] The Federal Border Service—the High Command of the Border Troops of the Russian Federation—held a scientific-practical conference in which they discussed the participation of the local population in the guarding of the national border. Those participating in the work included not only representatives of the president's staff but also specialists from cooperating ministries and departments as well as representatives of bodies for the self-government of practically all border regions of Russia.

In his introductory words, Col-Gen Andrey Nikolayev, commander in chief of the Border Troops of Russia, stressed that the close ties of the Border Troops with the local population have deep historical roots and that without this the border troops cannot successfully and dependably guard the borders. In those places where they have organized close cooperation with the bodies for local self-government, enterprises, institutions, public organizations, and citizens, as a rule, there has been a dramatic reduction of any violations of the border and operations there. In recent years, however, the participation of the local population in the guarding of the borders has been seriously diminished. Old normative acts are not in operation and there are not yet any new ones regulating the procedures for the participation of citizens in the guarding of the national border of Russia.

Lt-Gen Aleksandr Tymko, chief of the Main Staff of the Border Troops of Russia, presented a basic report on the conceptual views of the High Command of the Border Troops of Russia on the participation of bodies for local self-government and citizens in the guarding of the border. He said that today, despite difficulties and problems, the border troops are not only resolving tasks in the guaranteeing of Russia's security but are also protecting its national interests. In 1993 alone, the border troops turned over to custom control agencies contraband valued at more than 1 billion rubles. They confiscated about 1,500 weapons, more than 100,000 pieces of munitions of various kinds, and 1.5 tonnes of narcotics. The operations "Putina" [Catch] and "Zaslon" [Screen] were profitable to the state. The results would have been better if, as in past years, the local population had helped the border troops.

Thus, until 1991 in Primorskiy Kray, dozens of people's militias with a total of 5,000 people were involved in the guarding of the national border. It is now just a little more than 1,000. In the last two years in the kray, 35 violators have been arrested with the help of the local population, which accounts for about 4.8 percent of the total number of those arrested. To compare, it was 7.8 percent in 1991 and 5.1 percent in 1992.

The experience of recent years shows that criminal structures utilize any legislative loopholes to expand their illegal activities on the border. In 1993 in Kamchatka alone, there were 49 crimes uncovered that had to do with the illegal procurement of maritime products. They found 62 cases of the illegal operation of foreign ships in the economic zone and territorial waters of the Russian

Federation. The Russian tankers "Berezovo" and "Nizhnevartovsk" even surreptitiously loaded fishing ships in the central part of the Sea of Okhotsk. It was more than a dozen, if not a hundred, people who participated in such mass crimes. And it is scarcely possible that the local leadership knew nothing of such large-scale criminal operations.

To a considerable degree, many people living near the border have lost a feel for the border. In some places, moreover, the local population has an unfriendly attitude toward the border troops and sometimes their actions are a real threat to service personnel and their family members. Particularly alarming are cases of illegal actions by the local police with respect to the border troops. Thus, quite recently employees of the Ministry of Internal Affairs beat up a warrant officer in the city of Petropavlovsk-Kamchatskiy. Altogether there were more than 10 such incidents registered against the Border Troops of Russia this year.

There has also been a breakdown in the system for admission under the administrations of airports open for international traffic. The Department for Air Transportation of Russia has not yet issued the appropriate normative document. The airports still have in effect edicts issued on the basis of the "Law on the National Border of the USSR."

At many entrance points opened recently, the Border Troops have run into major problems, including those involving everyday life. There are cases in which local bodies for self-government, at whose request, by the way, these points were opened, wish to ignore the needs of the Border Troops.

In such a situation, it cannot be ruled out that the High Command of the Border Troops will take unpopular measures in the near future to establish order on the border. As a result, many Russian wanting to go abroad will suffer.

In the course of the discussion, the participants in the conference worked out specific proposals. At the level of the Government of the Russian Federation, it was proposed that they examine and adopt a plan presented by Glavkomatom on the procedures for the involvement of the local population in voluntary people's militia for the guarding of the national border.

The plan proposes to provide for a system for the establishment and organization of the work of a DND [voluntary people's militia] and the enlistment of citizens as nonstaff workers; the obligations and rights of members of the DND and nonstaff workers; the procedures for the involvement of members of the DND and nonstaff workers; the organization of the management of the work of the DND and nonstaff workers; the powers of the bodies of local self-government of enterprises, institutions, and organizations in the sphere of activity of the DND and nonstaff workers; and guarantees for the legal and social protection of the members of the DND and nonstaff workers.

It is proposed that interested ministries and departments be provided the assistance of the Federal Border Service of Russia in the formation of militias in border regions, their provision with the necessary material resources, and the resolution of the problem of the legal and social protection of citizens participating in the guarding of the borders. It is recommended that the leadership of krais, oblasts, and republics in border regions together with the command of large strategic formations, large units, and units of the border troops take part in the establishment of DND militias and the necessary conditions for the performance of their functions.

#### Col-Gen Zhurbenko Interviewed on Military-Technical Cooperation

94UM0583B Moscow KRASNAYA ZVEZDA  
in Russian 27 Aug 94 p 4

[Col-Gen Vladimir Zhurbenko interviewed by Col Valentin Rudenko: "Military-Technical Cooperation: State Interests Must Come First"]

[Text] This principle must be observed by all who are involved in arms sales, in the view of Colonel-General Vladimir Zhurbenko, first deputy chief of the Russian Armed Forces General Staff and member of the Interdepartmental Commission for Military-Technical Cooperation with Foreign Countries.

[Rudenko] Vladimir Mikhaylovich, those who are speaking out on the problems of military-technical cooperation in the press and on television include not only people who are directly involved in this cooperation, but also writers, politicians, economists, and deputies. And if one is to listen only to their opinions, which, incidentally, are often diametrically opposite, one gets the impression that we have lost all our markets. Is it true that a critical situation has arisen in the field of military-technical cooperation?

[Zhurbenko] I do not share the views of those who believe we have greatly curtailed military-technical cooperation. Yes, for fully objective reasons its volume has declined of late. While the USSR's share of the world arms exports was something on the order of 38 percent in 1989, Russia's share fell to 7 percent in 1993. The cause of this sharp drop lies mainly in that we have now ended almost completely the practice of supplying arms free of charge and selling hardware and weapons on credit.

As of today Russia is officially (at the level of intergovernmental agreements) carrying on military-technical cooperation with 44 countries. In reality, the number of countries with which we have contacts in this area is almost 2.5 times larger than that. I must point out that there has lately been a steady trend toward an upsurge in the development of military-technical cooperation.

There is every reason to assume that in the long term Russia's niche on the world arms market will again be roughly of the same proportion as that of United States, which now accounts for 57 percent of all arms exports.

Nor can I agree with those who say that Russia has lost its traditional markets. This is not true. Although the United States is trying to gain a foothold in countries whose armed forces are equipped almost 100 percent with our arms, it will not be able to do this on account of objective factors, since it would have to completely rearm these countries.

[Rudenko] As we know, arms sales are a tasty morsel, and many states and commercial structures would like to get involved in such sales. But by no means all of them, as practice shows, are concerned about the interests of the state. In what way should the monopoly on arms sales be maintained? What role should be played in arms sales by special exporters, weapons system producers, and the Ministry of Defense?

[Zhurbenko] Arms sales are the prerogative of the state. This is axiomatic. And all who are involved in them must be guided mainly by the principle that Russia's interests must come first, and not short-term commercial gain, as is often the case at present.

In order to maintain the state monopoly on arms sales we have set up a special governmental structure—the Interdepartmental Commission on Military-Technical Cooperation, headed by First Deputy Prime Minister Oleg Nikolyevich Soskovets. Its decisions are binding on all.

Military-technical cooperation encompasses a wide range of activities, and not just arms sales. It includes training of foreign specialists, supplies of spare parts, visits by military delegations, servicing of equipment, the maintenance and modernization of equipment and arms, and so on. Many state and government structures are engaged in the practical aspects of military-technical cooperation, among them the Ministry of Defense, the Ministry of Foreign Affairs, the Russian Federation State Committee on the Defense Industry, the Russian Arms Sales State Company, and others.

The Defense Ministry's functions are to formulate the conceptual approaches to military-technical cooperation, to determine the extent of it, its forms, and the product mix of weapons and combat hardware for export, and to take part in talks with foreign customers. In addition, the Defense Ministry is supplying newly freed-up special equipment to foreign countries, maintains combat equipment for foreign countries at its enterprises, provides practical assistance in the combat use of weapons supplied, sends its military consultants and specialists to these countries, trains national military and technical personnel, and accomplishes other tasks. These matters are under the direct supervision of the Chief Administration for International Military Cooperation of the Russian Federation Armed Forces General Staff. The branches of the Armed Forces have similar agencies.

Under a government decree, authority to participate in military-technical cooperation has now been granted to all arms producers as well. But this hardly means that they will exercise this right as they please. There must be a government decision on any delivery of arms, no matter who is carrying it out. I would like to point out that the Defense Ministry and the General Staff are working in close contact with industry and support its aspiration to play a greater role in matters involving military-technical cooperation.

[Rudenko] As is common knowledge, significant quantities of arms and combat hardware are being freed up in the process of reforming the Armed Forces. What is the situation with respect to the sale of such equipment? On the world market, among others.

[Zhurbenko] We have a lot of arms that we are supposed to destroy under the treaties on reducing conventional arms. Unfortunately, little of this combat equipment can realistically be exported. And the demand for it is not great. The fact is that all this equipment is of obsolete models, as a rule, and the market demands the most sophisticated arms—arms that, in connection with the sharp drop in military spending, we ourselves have in insufficient numbers.

[Rudenko] Do we have a state strategy for military-technical cooperation, and has the required legal foundation been established for it? The emphasis used to be on the military-political, ideological aspects of military-technical cooperation, not the economic factors.

[Zhurbenko] We are trying to combine the military, political, and economic aspects. Neither aspect exists without the others, because in repudiating, for example, the political factor or in considering only the economic issues, we could get into trouble, sour relations with our neighbors, and lose friends that we won't be able to get back. We adhere rigidly to international conventions in pursuing military-technical cooperation.

As for a strategy for military-technical cooperation, we definitely do have one. Although, of course, it is continually being amended and improved. Efforts are currently under way to draft a law on military-technical cooperation. Until then the legal basis is an edict issued by the Russian president.

The old arms exporting system that involved many players is no longer. Last year a single state company was established, the Russian Arms Company, which is in charge of everything and coordinates the work of other special exporters. Naturally, on the basis of government decisions.

[Rudenko] Our arms systems, in addition to their technical and combat advantages, also have one other advantage—they can compete in price with analogous Western arms. However, in the opinion of many defense enterprise executives, we have not yet learned how to pursue a flexible pricing policy, but try to get everything in

foreign exchange only and all at once. In doing so we often scare away potential buyers. Is anything changing for the better in this regard?

[Zhurbenko] It certainly is. We are prepared to discuss any proposal, and I am confident that we will be able to meet the requirements of any buyer. But there has to be interest in our weapons. And to awaken that interest, we have lately begun actively promoting our weapons. Today not a single international exhibit or air show is held without our participation. Russian combat equipment has given a superior accounting of itself at such events.

But I must also mention something else here. Would everyone like to see Russia penetrate the world market so actively? The United States does not intend to give up its market to anyone. It uses every available means to keep potential customers, and we must do likewise.

There are only five countries in the world that seriously develop weapons systems, and Russia is one of them. But 195 countries buy the arms. And I am certain that we will remain in that five. For their part, the Defense Ministry and the General Staff are doing everything in their power to ensure, despite our economic difficulties, that the backbone of the defense complex is preserved, and hence the capability to produce the most sophisticated weapons systems, which are the decisive factor on the world market.

### Clashes Along Tajik Border

94UM0583A Moscow KRASNAYA ZVEZDA in Russian  
27 Aug 94 p 2

[Article by Anatoliy Mikhaylov: "Militants Retreat: Chronicle of Combat Operations on Tajik-Afghan Border"]

[Text] Combat groups in the sectors patrolled by Unit No. 12 and Unit No. 13 of the Moscow Border Detachment continued operations to destroy formations of the armed Tajik opposition on August 25-26.

The Russian Federation Border Troops press bureau reports that border troops of the second and third combat groups (there are a total of five such groups, as KRASNAYA ZVEZDA has reported) found the bodies of three dead militants and two field depots. They contained almost 50 rockets, more than 100 rounds for recoilless guns, small arms, a radio station, and a large store of food.

The fifth combat group was ambushed by militants. But only a few shots had been fired when the enemy fled.

On August 25 at 17:55, on the sector patrolled by Unit No. 10 of the Pyandzh Border Detachment, border guards opened fire on 16 armed militants who were crossing the Pyandzh River. The enemy retreated without putting up resistance.

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